

A USEFUL LOOK AHEAD FROM WASHINGTON

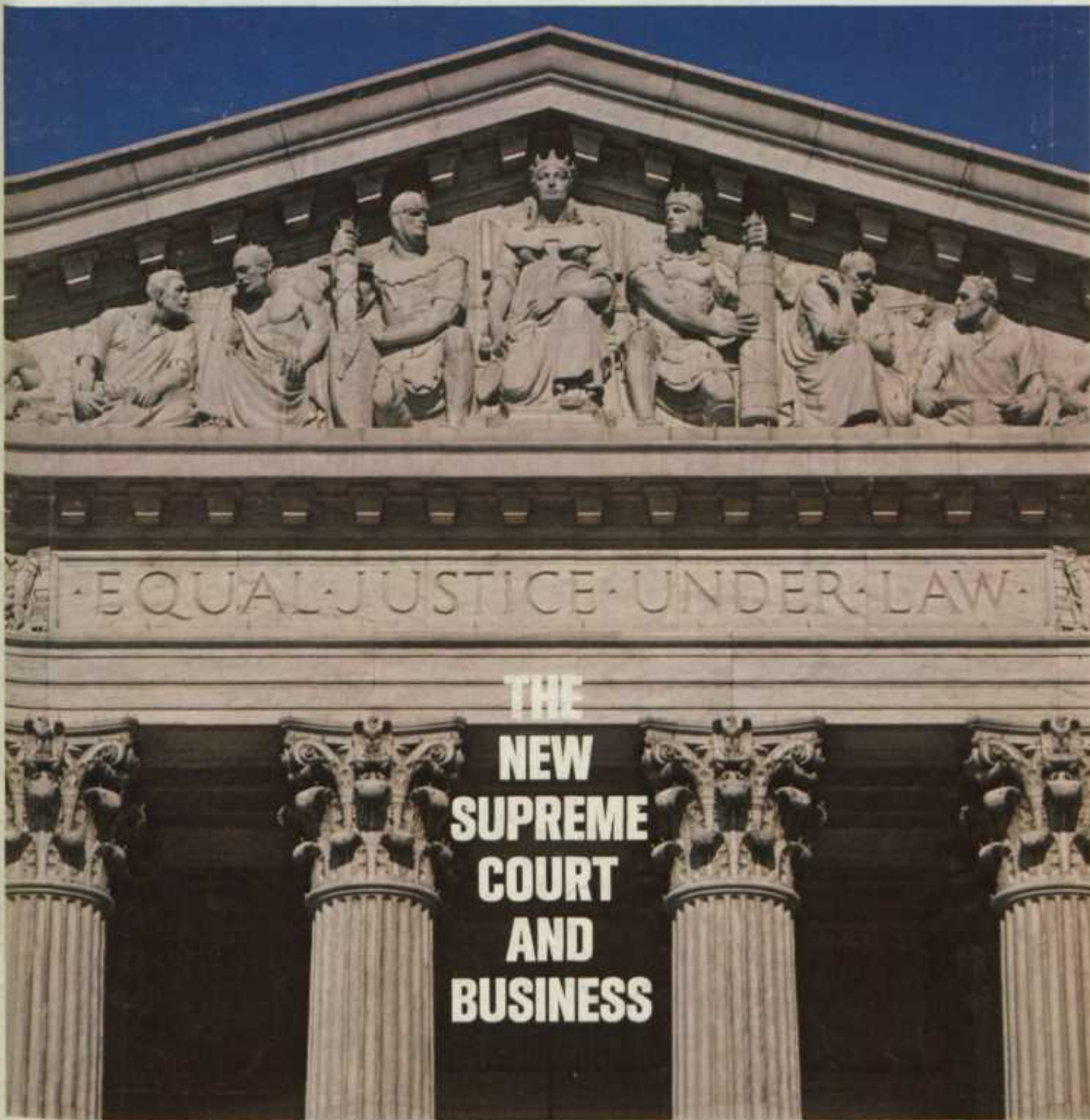
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JULY 1969

Nation's Business

How SDS plans to stir up workers

White collar pay jumps again

Top executives see "Dip, then up"



**THE
NEW
SUPREME
COURT
AND
BUSINESS**



Honeywell didn't need one of its computers to select ITT.

The choice was obvious.

Honeywell simply picked the company that could fulfill their telecommunications needs—day after day.

With 39 offices in 11 countries, Honeywell transmits over 7,000 international messages a month. ITT Worldcom teleprinters and leased channels handle much of this communications load.

As one of the world's largest manufacturers of computers and automation systems, Honeywell

constantly deals in big business. And of course, big numbers.

They knew we had the organization and experience to do the job. But our one quality that really impressed Honeywell was—interestingly enough—the same quality that impressed Pan Am, Time, Inc., and the United Nations Press Corps. The finest service available in the telecommunications industry.

The same service we're prepared to give you—from sending simple cablegrams to installing the world's most sophisticated communications equipment.

Honeywell doesn't do business with us just because the ITT Worldcom system has more overseas offices than all other U.S.-owned international record carriers combined.

They do business with us for an obvious reason.

We deliver.

ITT World Communications Inc.,
67 Broad St., N.Y., N.Y. 10004

Just give us the word.

World
Communications
Via **ITT**

When you invest a billion dollars to help the cities, you learn some things.

be your self

In the catch phrase, do your own thing. That's one thing we learned in the life insurance business in trying to help the cities. Everyone should do what he does best.

About 18 months ago, a lot of life insurance companies decided they should give the inner cities the kind of help they were good at. Investment loan help. To make jobs and homes. Because the life insurance business traditionally invests in housing and enterprise. The companies that pledged this money, big companies and not so big, make up the lion's share of our business. And among them they pledged a billion dollars.

Now, this wasn't a normal business investment.

It went to an area—the inner cities—where capital was not readily available on reasonable terms, because of risk and location. Our business felt this special commitment was essential.

After all, our business is totally bound up with the health and safety of people. And people live in the cities. You could say people are the cities.

If those cities crumble, people are going to crumble, and business—ours, yours, anyone's—is apt to crumble right along with them.

So we went after the problem at its core.

In the troubled inner cities, we found we needed the cooperation of many people...people in government, business, labor...responsible leaders in the community.

We found that each person, each group, each government agency, each business has to lend its own talents. Each has to "be itself."

Just as the life insurance business, which knows how to invest.

Just as other businesses, which we found contributing their special aptitudes.

At the outset of the pledged billion, a good many hard-headed people said this venture couldn't be done.

But with the co-operation of others, it is being done. In fact, it's very nearly completed. And now?

A second billion has been pledged.

A second billion dollars with the same aims as the first.

But leaning on what has been learned through the first.

We feel that in doing this, we are merely minding our own business. Being ourselves.

If you agree that the cities are your business as well, the life insurance business would like to offer you a booklet called "The cities...your challenge, too."

Whether you're in business or not. Write: Dept. Y

Institute of Life Insurance
On behalf of the life insurance companies in America
277 Park Avenue
New York, N.Y. 10017

Nation's Business

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Cover photo: George Lohr

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$26.75 for three years; Canadian \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1969 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006. Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. Circulation Headquarters—1615 H Street N.W., Washington, D.C. 20006. Advertising Headquarters—711 Third Avenue, New York, N.Y. 10017. Atlanta: James M. Yandle, 3376 Peachtree Road N.E.; Chicago: Herbert F. Ohmeis Jr., 33 North Dearborn Street; Cleveland: Gerald A. Warren, 1046 Hanna Building; Detroit: Robert H. Gotshall, 615 Fisher Building; Philadelphia: Jerry V. Camporino, 1034 Suburban Station Building; San Francisco: Hugh Reynolds, 605 Market Street.

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Wilbur Martin

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Walter Wingo
John Costello
Vernon Louviere
Sterling G. Slappey
Henry Altman
Robert T. Gray
CONTRIBUTING COLUMNISTS
Felix Morley
Peter Lisagor
Alden H. Sypher

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"OUR SCRAP HEAPS CAN BE ALUMINUM MINES"

—David P. Reynolds

Aluminum's scrap value makes it worth collecting and "re-cycling"...

There are two national problems which we believe no materials producer should ignore: litter and conservation. Fortunately, because of the nature of our metal, aluminum, Reynolds has been able to develop some answers in both areas.

Indestructible aluminum is re-usable

First, aluminum has scrap value; it is virtually indestructible. It resists corrosion, will not rust. It can be remelted, re-alloyed, and re-used—economically. And the need for and uses of this strong, lightweight metal multiply yearly.

So a used all-aluminum beverage can is worth something; it is worth picking up and "re-cycling." If this suggests a way to fight litter to you, it did to the men at Reynolds, too. We are now testing dif-



ferent approaches in two cities, Los Angeles and Miami, and plan to try others in the future.

Using aluminum's scrap value

Our idea is to encourage community groups to sponsor aluminum can collecting drives, and earn money for worthwhile causes and their own needs. As they raise funds, they help keep their streets, parks, and beaches free of litter.

Aluminum scrap does offer a worthwhile incentive to such organizations: a ton of aluminum, for example,

brings \$200 from dealers, compared with \$20 for steel and \$16 for waste paper. This scrap value is something many industrial users keep in mind when they specify aluminum equipment. They know there's a bonus waiting at the end of the service life of this equipment.

Mines—not scrap heaps

Although there is an abundant supply of aluminum for the foreseeable future, the fact remains

that the supply is not unlimited—and aluminum usage has been doubling roughly every ten years. This need not be a problem if we capitalize on aluminum's re-usability. Already, an estimated 30% of the world's aluminum is reclaimed or secondary metal. This could be even higher.

Countless products provide "mines" of aluminum, ready to be tapped. Not only aluminum cans and packages, but the aluminum in appliances, automobile parts, building products, even railroad cars can and should be reclaimed when they've finished their useful service.



Scouts and many other organizations fight litter and raise money by collecting all-aluminum cans.

New Reynolds reclamation plant

We at the Reynolds Metals Company have launched our effort toward this goal—not only with

our anti-litter can collecting programs, but with a major investment in reclamation facilities, as well. (An additional Reynolds reclamation plant will be producing usable aluminum from scrap this year.)



Reclamation plants which produce aluminum from scrap help conserve our natural resources.

Efforts such as these, we believe, will do much to reduce the solid waste disposal problem, and help stretch our natural resources. *Reynolds Metals Company, P. O. Box 2346 LN, Richmond, Virginia 23218.*



REYNOLDS
where new ideas take shape in
ALUMINUM



We've helped guide many a business through rough financial waters.

Business sailing along pretty smoothly?

Fine. But what if your partner or key executive suddenly died? Would your company flounder financially? Not if New York Life were there to help see you through.

How? With business insurance that names your company as beneficiary. Insurance that guarantees you needed cash.

A great idea? Yes. Expensive? No. Thanks to record-high dividends, the cost of our business life insurance is currently at an all-time low.

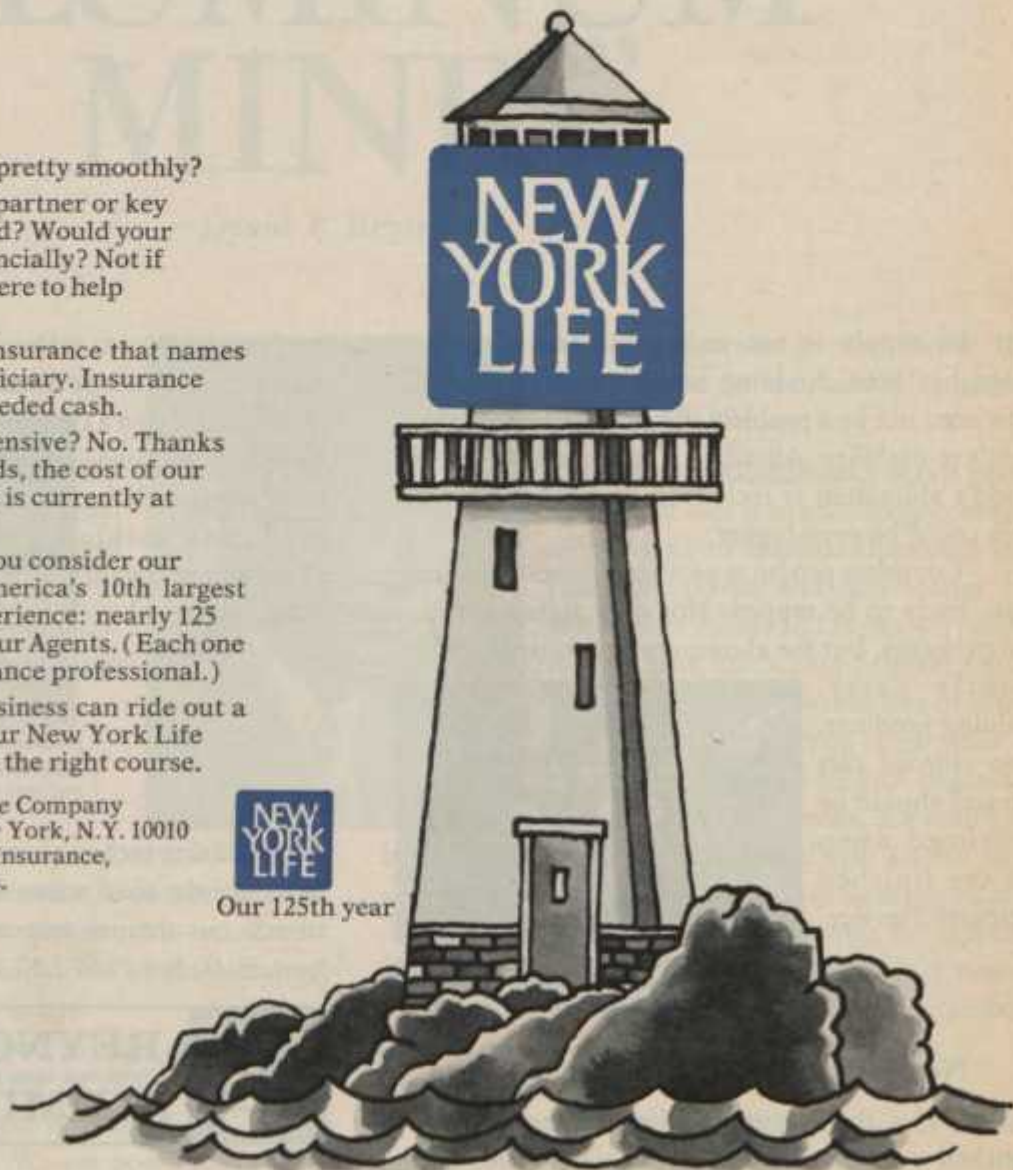
Not surprising when you consider our financial strength (America's 10th largest corporation). Our experience: nearly 125 years. And the skill of our Agents. (Each one is a full-time life insurance professional.)

To make sure *your* business can ride out a financial storm, see your New York Life Agent. He'll put you on the right course.

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51 Madison Avenue, New York, N.Y. 10010
Life, Group and Health Insurance,
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Our 125th year



memo from the editor:

NATION'S BUSINESS • PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES • 1615 H ST. N.W., WASHINGTON, D.C. 20006

Back in World War II, this writer had a brief fling in the government's price control agency.

That first-hand experience makes me puzzled when I read and hear now of businessmen advocating wage and price controls to help combat our current inflation. My memories—and surely those of millions of others—hardly support the idea that these controls could be a good thing.

Maybe today's rationale is that wage controls would be worth the price of price controls. But the record doesn't bear that out, either in World War II or the Korean War. In the first place, wage controls are usually a lot looser. And the burdens of price controls on business are best forgotten as the nightmare they were.

As a matter of fact, they are simply not workable. Nobody has the wisdom to regulate all the prices in this country. In the earlier experiments we even came up with such ludicrous examples as the specific statement that steers sold for breeding purposes were not subject to price control.

Fortunately, President Nixon fully recognizes the dangers of price and wage controls and has no intention of invoking them.

• • •

Long-range answers to the burning questions of inflation are much less dramatic but will be far more effective.

Perhaps the most important is getting more understanding on the part of the public. At least some of the present inflation is largely psychological. People have the idea that inflation is inevitable and that they should act accordingly.

Businessmen have long been aware of this psychological danger and are now taking new steps to help overcome it. The Chamber of Commerce of the United States and the Joint Council on Economic

Education have just launched an educational campaign to tell the truth not only about inflation, but about our economic system in general, to help make the nation more immune to inflation and recession. The Joint Council, an independent education organization, will work in the schools.

In addition, the Advertising Council is developing a national ad campaign to get the message across to the public.

The Ad Council is the public service organization of the advertising industry. Its inflation campaign is expected to get more than \$8 million worth of free space and air time this year. Benton and Bowles is the volunteer agency preparing the ads.

President Nixon heartily endorses this entire effort, saying, "The voluntary effort of the men and women of private enterprise is needed now, as never before, to enlist the support of the American people in the fight against inflation."

• • •

Another long-range solution to the inflation problem is reform of the federal labor laws. When wages are continually escalated, there's no way to keep prices from rising.

The National Chamber is leading a drive for overhauling the labor laws. An opinion poll among its local and state chamber and trade association members showed that they feel first priority should go to ending the National Labor Relation Board's jurisdiction over unfair labor practices cases. These would be turned over to either the federal courts or a special labor court.

A second proposal would require that union representative elections be held by secret ballot.

And in order to help restore the balance between labor and management, the business organizations would remove from the National Labor Relations Act

MEMO FROM THE EDITOR *continued*

the language that "encourages" unionization. To explore these proposals properly and to exchange ideas with businessmen throughout the country, the National Chamber will be sponsoring workshops this month in many cities. If you'd like to attend, drop us a line and we'll let you know the one nearest you.

If you think you are a union target you might also drop us a line for a copy of "What to Do When the Union Knocks," which we published two years ago. We've distributed more than 200,000 reprints of it so far.

• • •

At the same time business is seeking labor law reform, it's working closely with Secretary of Labor Shultz on many of the problems of the working man. Among those being discussed are: the welfare system, equal opportunity, farm labor (a red-hot issue) and collective bargaining by public employees (another hot one). No Labor Secretary in recent years has been as willing as Mr. Shultz to listen to the business point of view.

• • •

The editors of *Nation's Business* did some listening, too, at a recent visit to our offices by a score of New

York advertising executives. Since our editorial headquarters are in the nation's capital where the action is, we seldom get as much opportunity as we'd like to exchange views with the advertising fraternity.

So we invited this group to come see us and take a look at Washington officialdom. Federal Communications Commission Chairman Rosel Hyde discussed his agency's activities in the advertising field, including cigaret ads. Federal Trade Commissioner Everette MacIntyre talked about "deceptive and misleading" advertising. Both got plenty of questions.

Our visitors also took a special trip through the White House, the National Chamber president's office and the office of the editor (below).

Jack Woodbridge

PHOTO: ADAMS STUDIO



Tell someone you like about Lark's Gas-TrapTM filter.



He may help you break 100.

Add it up yourself; About 90% of cigarette smoke is gas. Only a fraction is actually "tar" and nicotine.

Lark's Gas-Trap filter (U.S. Pat. No. 3,251,365) reduces all three—"tar," nicotine and gases. As a matter of fact because the Gas-Trap has activated

fortified charcoal granules it reduces certain harsh gases nearly twice as effectively as any other filter on any other popular brand, bar none.

Now let someone else in on the secret of Lark's easy taste and hard-working charcoal Gas-Trap filter. It's a winner. King Size or new 100's.



For more information send for the free brochure "Lark's Gas-Trap Filter and What It Means to You." Write Lark, P.O. Box 44, Brooklyn, New York 11202.

PLACING PRODUCTIVITY IN PROPER PERSPECTIVE

• NATION'S BUSINESS' interview with the Council of Economic Advisers [May] was probative with respect to monetary and fiscal policies, but silent on the problem of national productivity, which has been declining for many years and is the main contributor to the continuing inflationary spiral.

The orderly and noninflationary economic growth suggested by the Council is not possible unless corrective measures are applied to our national labor-management policies so that our economy can realize its full production potentials.

Productivity, more than changes in monetary and fiscal policies, will contribute to economic stability and growth, will alleviate price pressures detrimental to domestic stability and international competition and will promote economic opportunities for the disadvantaged.

We all have a responsibility to put productivity in proper perspective in the anti-inflationary plans of the Administration.

DANTE ANTONACCI
Controller
McGraw-Edition
Power Systems Division
Canonsburg, Pa.

• I remember an economist of the U. S. Chamber of Commerce stating several years ago that labor costs and

taxation were nine tenths of the cost of materials sold in the marketplace.

If that is true, the increases of the above factors are the main reasons we have inflation. Labor costs and taxation must be reduced.

J. W. LAPHAM
Chanute, Kans.

Spirit of dissent

• I read your article "Goodbye Water, Hello Champagne" [May] with interest. I note the shallowness of the article in that the person putting it together failed to do his homework and research out Michigan's role in the wine industry.

FRANK KOVAL
Executive Director
Michigan Wine Institute
Lansing, Mich.

[Editor's note: Our article made no attempt at listing all of America's wine-producing states. However, we're happy to report that the latest Internal Revenue Service statistics show Michigan production of still wine as 2,592,914 gallons for 1968, making the state a growing producer.]

Essay reaches youth

• Bravo to Felix Morley for "Telling It Like It Is" [June]. As one of the restless and confused youth of today,

I found this essay quite refreshing in that it was written with clarity and perception capable of being understood by youth across the nation. Unfortunately, it will go unheeded by most, as this is not the type of news media familiar to young people. Hopefully the word will spread that anarchism is not the answer and the future will be one of continued democracy.

KAREN VAN NORMAN
Houston, Texas

• Felix Morley is NOT telling it like it is.

There are two ways of NOT telling it like it is. One is the overt outright lie. The other is misemphasis through selectivity. Only now, in all media of communications, we seem to reverse the greengrocer technique of putting the lush strawberries on top of the basket, the rotten ones below. All media seem to compete in frenzied display of the rotten. And one result of this among the impressionable is to convince them that "everybody's doing it," "it's the thing to do," "I'm just not in the swim if I don't do it too," and, because of the epidemic of blind spot, which can't distinguish between notoriety and fame, there is an urge to do what gets publicity even when there is no natural propensity in that direction.

W. H. PUSCH
Houston, Texas

• I am a secretary for a company that subscribes to your magazine. The latest issue [June] was received in our office this morning, and before routing it through the office I quickly read parts of it, as is my custom.

Today, I am particularly glad I had the time to read some parts of it and want to thank you for publishing the Morley column. I have made a copy of both pages and plan to mail it to a young couple I am "fond of"—and to show it to anyone who I think would take the time to read it. Your editorial, "Hope for the Future," is a perfect end to the thoughts provoked in the column.

Maybe, in time, magazines such as yours, and hopefully others, can begin to undo what has been done. My terrible concern is that it is much too late.

MRS. A. L. BAUGHMAN
Dahler, Ohio

Prognosis negative?

• The other evening I had occasion to read through the June issue and I would like to say that I was appalled by the editorial on page 88 entitled "Hope for the Future."

LEO W. PIERCE
L. W. Pierce Co., Inc.
Havertown, Pa.

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Goodbye clickety clack

Hello, 1412!

At Toshiba, we call it one of "the quiet ones." In fact, the Toshiba 1412 desk-top electronic calculator works at a whisper. A whole office full—all in operation—would make less noise than a push button telephone.

So, of course, it makes the old clickety clack of mechanical calculators sound like a thundering herd of horses.

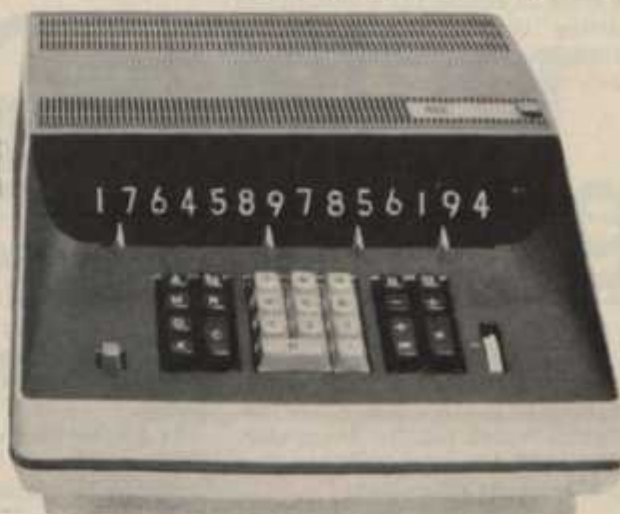
And the 1412 thinks in milliseconds. Under ordinary operation, it will give you answers to typical business, banking, scientific, and engineering problems just as fast as you can read the problem. Feed the problem in, and milliseconds later you have your answer.

The 1412 also offers the most versatile combination of features in a calculator priced at \$1050 (manuf. sugg. retail). You get a fixed and floating decimal system...automatic percentage calculation...14-digit memory capacity...instant recall...accumulation and constant capabilities...instant squaring, cubing, etc....automatic round-off...handy exchange key for switching dividend and divisor...and a clear (or shift) key that will clear a number entered incorrectly or shift the result, on any calculation, down one digit at a time.

If you want a quiet, compact, lightweight, fast-thinking electronic calculator that works at a whisper, don't horse around. Contact: Toshiba America, Inc., 477 Madison Avenue, New York, N.Y. 10022. Tel.: (212) 758-6161.

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THE INTERNATIONAL ONE



letters continued

to-the-point message I have seen. It is unfortunate that you cannot use it on the cover.

J. H. TINSLEY
Director of Public Affairs
The Warner & Swasey Co.
Cleveland, Ohio

• These West Point rules cited in your editorial are certainly not unreasonable, but they do tend to detract from the very thing most needed in our society today: understanding. Altogether too many people are beginning to instinctively feel that the youth of today is outlandish in looks, actions and lack of respect.

For many this may very well be the case, but building antagonism is certain to create a larger gulf than already exists. The students of today do have something to say and are entitled to a hearing. SDS doesn't have the answers we want. But it gets all the attention. Let's stop giving it the publicity and putting all students in its classification. Let's begin to listen to students who have something to say and let's begin to discourage the kind of feelings derived from an editorial such as this one.

In the same issue you talked about listening instead of hearing. Try it yourself and see how far it will get us all. The radicals would be gone if we ignored them, but the moderates will be, too, if we don't begin to see them as different from the radicals and as having something important to add to a troubled world.

ROBERT M. LEVY
Linder & Associates
South Bend, Ind.

Why elect Senators?

• I read with much pleasure and interest "The Senate's Cynical Design" [May]. I have long believed it was a grave error to amend the Constitution permitting the popular election of Senators. Has anyone done any serious research on this question?

OSCAR F. MILLER
President
Security Trust Co.
Miami, Fla.

• Something should have been added to Felix Morley's article. The word Senate means House of State. With direct election of Senators a tremendous step in the destruction of our republic occurred. We no longer have a Senate but two Houses of Representatives, making us more democratic and less stable. Watch out for direct election of the President and destruction of the Electoral College next.

JOE C. YELDERMAN, M. D.
Needville, Texas

Watchwords bear watching

• In your interview ["Lessons of Leadership," April] with Gen. Bradley, chairman of the board of Bulova Watch Co., you quote him as saying: "We are the largest watch company in the United States."

May we correct the record? We produce and sell more watches than any company in the United States. We produce and sell more watches than any company in the world.

L. LEHMKUHL
President
U. S. Time Corp.
Waterbury, Conn.

COMING NEXT MONTH

As a youngster, going camping with Thomas A. Edison and Henry Ford. As a young executive, walking with his wife down a path lined with thousands of giggling, primitive Africans.

And, while becoming an elder statesman of business, presiding over that best friend of the G.I., the USO. . .

It's all part of the story of Harvey S. Firestone Jr., who discusses his life and philosophy in the "Lessons of Leadership" series in next month's Nation's Business.

Editorial myopia

• Regarding your editorial "Out of Focus" [April], I believe you too are looking through the wrong end of the telescope. Your cogent argument against tax reforms, with your subtle statement that "abuses are relatively rare," puts you in a large minority. Next month I expect to read that you are defending the Cosa Nostra as a persecuted immigrant family from Sicily.

As a conservative Republican, I feel it is your brand of conservatism that is killing the cause of conservatives.

ROBERT R. PENMAN
Frankfort, Ky.

Re-evaluating discontent

• Alden Sypher's article [May] evidences clearly those conservative attitudes responsible for negative student reaction on campus. Mr. Sypher's pompous denunciation of certain liberal changes in our nation's schools and students' personal moral disposition tends to verify the assertion by the SDS that the American business community as an economic functionary of free enterprise seeks to continue many noneconomic, hypocritical and devious American systems such as the military establishment.

As a young college student who expects to enter the business community and who very much believes in free enterprise as an exercise in individual determination of choice and who at the same time wholeheartedly supports campus reforms and the destruction of hypocritical moral standards, I am sickened by those such as Mr. Sypher who presume to speak for the business community. His conservative social disposition is totally unrelated to capitalism as an economic system, yet he aggravates the confusion by reflecting (in the eyes of young readers) "business" as a conservative political entity.

How necessary it is for businessmen today to begin a program of educating the young, the students, and those disenchanted with free enterprise by the Mr. Syphers of the world, in the enormous values of an economic system free of stifling and corrupting governmental throttling.

BRIAN PETTY
University of Texas '70
Washington, D. C.

• As a graduate of a well-known business school, employed by a major U. S. corporation, and reasonably firmly committed to the profit concept, I suppose that I would be chastised (if not attacked) by today's bearded students for my outlook on life, even though I am less than a year out of school.

Yet for all of my conservative leanings (at least relative to their philosophies), I must stand vigorously in protest against anyone who expresses himself as Mr. Sypher has.

I wonder if you have considered the possibility that you are not an innocent bystander to the many events which seem to weigh upon you so heavily. Not only have you contributed to the causes of these events, but you are aggravating them to the extreme by your antiquated point of view. I sincerely believe that more effort on

your part toward understanding and less toward condemning would facilitate the two-way dialogue so lacking in our society.

JONATHAN S. HOLMAN
New York, N. Y.

Parents take note

• I just finished reading "Playing at Safety" [June] and I say, "Hurrah," because someone has finally come out in black and white and said the driver is responsible for the deaths on the highways.

Three cheers for Frederick N. Rehm, general manager of the Michigan Auto Club, too, for recognizing the real problem and gathering facts to support his beliefs. I hope Secretary of Transportation John Volpe heeds Mr. Rehm's warning.

I would like to see Mr. Rehm speak to high school students and their parents, who should feel a responsibility for their children's driving habits, pointing out the real facts. Too many parents take the driving privilege too lightly and do not supervise their children's driving education closely enough, just as they take their voting privilege too lightly and help put men into our Congress whose abilities are questionable. We need more thinking parents!

MRS. RICHARD BROADLAND
Milwaukee, Wis.

Education is the key

• Re "Memo From the Editor" [May] on "the deep concern of America's businessmen about social problems," nonwhite educational institutions receive an average of less than 1 per cent of their income from private sources. Furthermore, limited corporate opportunities for nonwhite Americans until recently meant that few alumni were in a position to attract corporate funds to public nonwhite educational institutions through employee matching gift programs.

Education is of major importance if our national prosperity is to continue. Above all, education is the primary means by which low income youth can be fully brought into our society. Helping the nonwhite public educational institutions extend educational opportunities in an era of expanding job opportunities is an investment that will yield unparalleled dividends at a crucial time in our history.

S. R. DARUVALLA
Assistant Professor
Prairie View Agricultural
and Mechanical College
Prairie View, Texas

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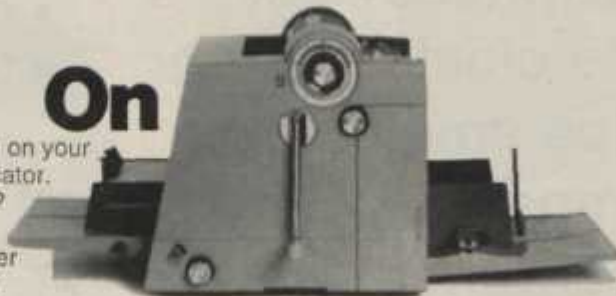


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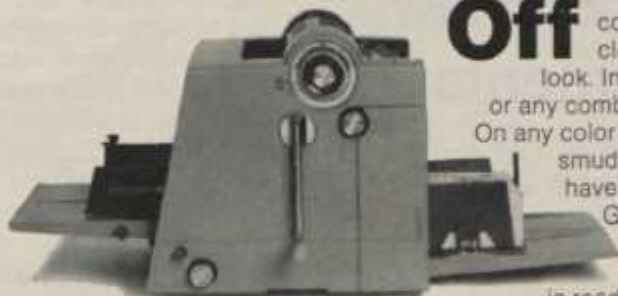
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Accurate time records and proof of compliance are mandatory for all companies subject to the wage-hour law. More and more companies are finding it pays to avoid wage-hour trouble with clock-stamped payroll time records. A bonus benefit is that resulting employee respect for time discipline shows up in increased production!

Lathem leads the field with a deluxe, fast-operating top-inserting time recorder that provides error-free two-column payroll accounting for straight time and overtime. And Lathem makes time clocks feasible for companies with as few as three employees with low-priced side-printing models which may be used for job time as well as payroll time.

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executive trends

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- FROM SLIDE RULE TO EXECUTIVE SUITE
- THE BLIND LEAD IN SAFETY

More than just a handy habit

Thrift, that is. It's a must for every executive today, one expert says.

"We tend to wear rose-colored glasses in a boom time, when salaries are good and sales and profits high," says Lon D. Barton, president, Cadillac Associates, Inc.

"But every executive must face the fact that a merger, or a new boss, can put him out on the street.

"Most executives would be staggered if they added up what it costs to run their homes and support their families.

"When nothing's coming in, bills pile up like Mt. Everest.

"That's when the improvident executive starts to panic and grab any job he can."

The remedy: A disaster fund to tide him over. It should equal three to six months' pay.

More if possible.

One study tells why. It deals with executives making \$20,000 to \$300,000 a year.

Here's what happens when they lose a job.

It takes them eight months, on the average, to find one as good. But after three and a half months, they're strapped.

To keep the wolf from the door, they're forced to sell some assets—frequently at a loss.

Roger W. Schmidt of Total Financial Management, New York financial

consultants who made the survey, says:

"Take a top executive who's 50. Usually, he can cite at least three golden job opportunities he passed up earlier.

"Why? Because at the time, they seemed too risky financially."

A nest egg might have made taking the risk more palatable.

Tips for travelers—living out of a suitcase

Does your suitcase weigh you down, and rumple your wardrobe?

Well, it needn't, the American Society of Travel Agents says. Choose it wisely, and pack it right, and you'll get along great, ASTA claims.

Some tips it passes along on living happily with your luggage:

- Buy two smaller bags, rather than one large one. They split up the weight evenly, and are easier to carry.
- Always check with your travel agent about climate and local customs. You may need a jacket in July in some areas. And in other places, your tux will be useless.
- Pack all liquids and creams in a small plastic bag that will fit inside your suitcase. Ditto for shoes, so they can't soil your clothes.
- Fold shirts with tissue paper to prevent wrinkles.
- Keep pajamas, a robe, slippers and a towel near the top of the suitcase.
- Don't overpack. When in doubt, see if you can walk around the block



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Executive Trends *continued*

toting your suitcase fully loaded. And remember, leave some room for bringing back gifts or souvenirs.

He's a ramblin' wreck from Georgia Tech . . .

"And a helluva engineer," the old ditty went.

Today, this roughneck image for engineers is outdated.

"You're more likely to find the engineer behind a desk in a Brooks Brothers suit," the Engineers Joint Council says.

Its latest survey shows 29 per cent of engineers checked report they are primarily managers. And only one out of four of these managers is involved in research and development.

EJC's survey covered some 53,000 of 438,000 actively employed, professional level engineers who are members of at least one of some 45 technical or professional societies. Ranging, for example, from ASP (American Society of Photogrammetry) to NICE (National Institute of Ceramic Engineers).

Of these:

- Only 10 per cent work directly for Uncle Sam.
- Only 12 per cent are in the aircraft, missile and rocket industries.
- Only one in 100 is a woman.

EJC says that it found the median age of the American engineer to be 43, but that this figure may not reflect the profession as a whole.

"The total engineering community probably is younger than the organized segment that we studied," EJC says.

Unaccustomed as I am . . .

Here are some useful tips if you're booked as a speaker at a business meeting or symposium.

- Get your talk down on paper—and make enough copies to hand out to members of the audience who request them.
- Give an advance text to whoever's sponsoring the meeting—to be used for advance publicity.
- See if there's a place in your talk

where you could use slides or other visual aids.

• If you're to appear on a panel at a convention, try to wangle an early spot on the first day of business. That's the day most people show up, and the first speaker always gets a bigger, more attentive audience than the last.

• Ask yourself what you can say that's new. Be as specific and factual as you can.

The Seminars and Conferences Division of Lobsenz Public Relations Co., Inc., New York, passes the advice along.

Doing business in Kenya?

Or almost anywhere else in the world?

Then the Business Council for International Understanding probably can help you.

The Council, now 11 years old, holds two-week executive seminars at American University in Washington, D. C., and also industry consultation with American diplomats for firms in New York and other American cities.

BCIU's goal: To give businessmen a better grasp of opportunities abroad and better ability to deal with them.

"More than 1,400 businessmen and their wives have attended BCIU seminars," says John S. Walter, deputy director of the seminar program.

Some 1,200 companies each year grab at the chance to consult with senior U. S. diplomats who are home on leave or for other reasons.

"It gives them a chance to learn firsthand of business-related events abroad—and what our embassy people can and cannot, do for them," says John Habberton, BCIU's executive director.

Where to find them

Who's the public relations director of XYZ Corp.?

Is there a PR firm in San Juan?

The new 1968-1969 edition of the *Public Relations Register* answers questions like these—and many others. It lists the names of about 6,300

members of the Public Relations Society of America, Inc.—alphabetically, geographically and by organization.

It's the first new edition since 1967.

The autocrat of the executive suite

The heavy-handed, big daddy type still flourishes occasionally in business, one authority notes. He's typical, says author Crawley A. Parris, of the executive in the first of these four basic types of business climates:

- Autocratic: With emphasis on strict loyalty, blind obedience.
- Bureaucratic: Home of hardheaded, formal, inflexible routine—or red tape.
- Democratic: Where you're consulted on decisions or actions which affect you.
- Idiocentric: The boss uses basic psychology to manage or manipulate.

"Each executive should size up his own firm," Parris says in his book, *"Mastering Executive Arts and Skills."*

If the climate there doesn't match his own personality, he should move—or conform.

Square pegs, the author warns, go nowhere in round holes.

Where skills go begging

At Smith and Wesson, Robert Bizon is a skilled operator of a high-speed drill press. He works at tolerances down to one-half a thousandth of an inch.

Of course, many drill press operators do. But Bob Bizon is blind.

He's one of some 4,600 skilled, blind, blue collar workers. Most of them hold jobs in 78 workshops affiliated with the National Industries for the Blind.

"They have above average safety records, and seldom miss a day," an NIB spokesman says. "But private industry has been slow to hire them."

"Most employers can't believe they're that good."

The spokesman adds: "The record speaks for itself. Last year NIB shops did \$50 million worth of business."

Before air conditioning and an expanded national agenda made Congress into a virtual full-year enterprise, Washington was abandoned during the hot summer months to the ubiquitous tourist. He came with his family and gorged himself on shrines, monuments, statues and the enduring memorabilia of the Smithsonian Institution, took a brisk tour of the White House, the FBI and the Bureau of Engraving, and returned home tired, a little looser in the wallet, but serene in the conviction that he had shown Mama and the kids a stirring glimpse of their heritage as Americans, and missed nothing of great moment.

With Congress in town most of the summer nowadays, the tourist has a chance to see his Congressman or Senator in action on the floor of the House and Senate or in a committee hearing. His chances of seeing an Everett Dirksen or Teddy Kennedy, a Cabinet officer of familiar mien, such as George Romney or Melvin Laird, or some other public figure readily identifiable from television appearances or pictures in the papers, have been vastly multiplied.

But the average tourist is still shut out from some of the most colorful sideshows in the capital. These are public only in the sense that they are performed for benefit of newsmen and cameras, and can be read about in the papers or seen, in excerpted form, on the TV news shows.

Of particular note in this category is the news briefing conducted by the two Republican Congressional leaders, Dirksen and House Minority Leader Gerald Ford, of Michigan, in the Roosevelt Room (formerly known as the Fish Room) in the West, or working, Wing of the White House just after their Tuesday morning breakfast meeting with President Nixon. During the Johnson years, when Democratic leaders visited the White House, their postbreakfast press briefing was an abbreviated session in which Senate Leader Mike Mansfield was most likely to announce how long the meeting lasted and then to break for the nearest exit before any questions were possible.

This curt ritual was due partly to the laconic personality of Mansfield and partly to President Johnson's almost obsessive insistence upon making all of the



SUMMER THEATRICALS

BY PETER LISAGOR

news there was to make at the White House himself.

Mr. Nixon appears perfectly willing to provide a White House platform for his G.O.P. associates in Congress, although there are times when he must wonder if perhaps Lyndon Johnson didn't have a point. For Dirksen is a frustrated Shakespearean actor and thrives on a captive audience, especially of White House reporters whose normal daily diet consists of scarcely any ham whatever.

On most occasions, Dirksen plays it for laughs. Being the senior of the two spokesmen, he embraces the podium like an old friend, pauses with a true professional touch while the cameras in the rear are made ready, and then recites what purports to be the nub of the meeting with the President. Sometimes the act is fairly well rehearsed, and Dirksen yields to Ford to round out the morning agenda. Then to questions.

Here is when the drama heightens and the confusion deepens. For in his free-wheeling style, Dirksen often thoroughly beclouds every issue, injecting his own pliant, ambivalent, ambiguous views while presumably representing the President's outlook on a particular subject. It is not uncommon during these virtuoso recitals for a reporter to ask, "Senator, is that how the President feels?" The grizzled veteran of these journalistic jousts fixes his inquisitor with an impish glance as he takes a bantam rooster stance, and replies, in requiem tones not a little suggestive of a certain dim-wittedness, "Now where in the world would you get an idea like that? I don't know how the President feels. You will have to ask him."

The deferential Ford rarely intrudes, either to bail out his senior colleague or to try to clarify matters for the newsmen. Ford lacks the theatrical flair of Dirksen, but he has been known to add a touch of dramatic fervor to these weekly duets. Not long ago, exasperated by the growing opposition to defense programs, notably the Safeguard antiballistic missile system, Ford allowed himself a rare moment of apparent anger when he de-

Contributing columnist Peter Lisagor is White House correspondent for The Chicago Daily News.

manded to know, looking directly into the cameras in the back of the room, whether there was a concerted effort afoot to promote the unilateral disarmament of the United States.

But it is mainly Dirksen's show, and one White House assistant who attended one meeting and later read a transcript of what the Senator said about it at the subsequent news briefing, was moved to remark, "You'd have thought that Dirksen and I had attended two separate meetings with the President, the transcript was that much different from what actually took place."

But the White House show is merely a rehearsal for Dirksen's more celebrated performance later in the same day when he appears in the Senate press gallery to discuss with reporters life, legislation, and the pursuit of whatever quarry is fair game for the day.

He climbs upon a table, crosses his legs under him Buddha-style (although he likes to sit dangling them sometimes), borrows a cigaret or two or three and discourses upon any subject reporters raise with him. By this time, it has been reported at the White House, Dirksen has so embellished his morning seance with the President as to render that meeting almost unrecognizable. But because he is a charming antique fixture, who has attained a celebrity status as a narrator of patriotic statements and poems on records and a co-star of sorts with comedian Red Skelton on TV shows, Dirksen is indulged by the President as one indulges a family eccentric.

Mr. Nixon has shown none of the warmth toward Dirksen that LBJ manifested when he was in the White House, and the reason is not an elusive one: Mr. Johnson needed Dirksen for Republican support while Mr. Nixon needs all the Democratic support he can muster in a Democratic-controlled Congress and the Illinois actor is not therefore crucial to his designs.

But Dirksen is not the sole supplier of these side-shows which the ordinary tourist misses. The visitor is not privy to the Rose Garden ceremonies at which the President greets various commodity queens, foreign statesmen, and other important guests. He rarely sees, except from a distance, one of the most impressive of all Washington affairs: the arrival of a foreign head of state or government on the South Lawn, with a bugle corps on the steps of the Executive Mansion and an honor guard of all services, resplendent in dress uniforms,

drawn up to pay respect to the visitor. Against a backdrop of the Washington Monument and Lincoln and Jefferson Memorials, the President welcomes his guest before escorting him into the White House for the serious business of the visit. As an exercise in protocol, this ceremony ranks among the most glittering, fitting and moving in the world, by the word of many experienced diplomats in Washington.

During the Johnson years, a camera bug hoping to get a lively shot of the South Lawn and the Truman balcony had a fair chance of catching LBJ on one of his famous walks, surrounded by a pack of reporters jostling one another to hear a running commentary which might or might not contain a printable gem. If enough tourists were gathered at one of the gates and if the President were in the mood, he might pause for a hand-shaking, baby-kissing interlude. Mr. Johnson also liked to lead his dogs across the lawn on leashes, like a Ben Hur sans chariot, and many a visitor has a snapshot of that scene.

Mr. Nixon has delighted visitors on at least one occasion when he walked through the White House grounds on his way to the Treasury Department across the street, and ran into a cluster of folks on East Executive Ave. But as a general rule he is rarely to be seen ambling along the walks of the South Lawn.

The tourist can luck upon some other interesting tableaux on the capital scene. In the not-too-distant past, former Secretary of State Dean Acheson and the late Associate Justice Felix Frankfurter could be seen walking briskly down Connecticut Ave. each morning to their respective labors. In more recent times, two other former Supreme Court members, Chief Justice Earl Warren and Associate Justice Tom Clark, also could be seen swinging down the avenue for their morning constitutional. It takes a rare bit of luck to catch a Senator jogging to or from the Capitol in his sweat suit. Occasionally, a Supreme Court Justice can be spotted at lunch in the Court cafeteria.

But the fascinating little side dramas—the news briefings at the White House or State Department, the inquisition of important dignitaries before the microphones in the west driveway of the White House, the Dirksenian comedy skits—escape the average visitor. Still, his odds of chancing upon a vibrant federal official are greater today than ever before, and the public shows remain a stellar attraction all summer long.

white
house
mood
☆☆☆

STUDYING THOSE STUDENTS

BY FELIX MORLEY



With the colleges closed by vacation instead of by riots, there is welcome opportunity to examine what lies behind the epidemic of student disorders. In the abundant publicity on the subject there has been all too little dispassionate diagnosis.

The fundamental, yet almost disregarded, fact is that the entire educational process has been under tremendous and mounting pressures during recent years. This is a world-wide phenomenon in which a part is played by the rapid advance of scientific knowledge; by the general breakdown of moral standards; by the overshadowing threat of nuclear war and by the uncertainty of educators as to the sort of future for which youth should be trained.

Under these and similar strains traditional theories of education have been abandoned and old forms of organization have been broken down. The result has been to make government in general seem untrustworthy to the young and thereby promote the spirit of anarchy. A contributing cause has been the unwillingness or inability of many parents to discuss these deeper factors in terms that adolescent youth can understand.

In our own country the problem has been compounded by the untenable assumption that every American is both qualified for and entitled to a college education. This thesis has brought a literally staggering enlargement of enrollment. In 1900, in the entire country, only about 100,000 carefully selected high school graduates went on to college. This fall the number, counting the entrants to junior colleges, will be over two million. In other words, the number of those accepted for higher education has increased more than twentyfold during a period in which population as a whole did not quite triple.

Moreover, the curve of this increase has mounted most sharply during the past decade, causing almost intolerable administrative strain for overcrowded institu-

tions. Teaching staff has been rapidly enlarged, often with diminished consideration of teaching ability. Budget paring to meet inflated costs has become the primary concern of college presidents. Private institutions have had to rely more and more on federal aid to build the new facilities required.

Thus the religious or local orientation which used to characterize our higher education has been largely re-

placed by dependence on Washington. And this explains why student grievances are so often focused on manifestations of what is vaguely called "The Establishment." The ROTC, symbolizing the threat of conscription for Viet Nam, is particularly resented. So are research and development agencies, often engaged in secret projects, for which reason their premises are likely to be seized and held until the files can be examined.

One grievance is that the better teachers, especially in science, are drawn away to do governmental research, whether off or on campus. But there are many other complaints. Investigation shows that these frequently trace to the decline in quality which has accompanied the emphasis on quantity.

Nothing is gained by ignoring the fact that integration has been of great influence here. By and large, Negro youth is not as yet prepared to face rigorous college entrance requirements. So, in a heroic gesture of goodwill, many institutions have deliberately lowered their standards of admission, so far as blacks are concerned. But this does not make it easier for them to compete, in class, with students who have had far greater preparatory advantages.

Here is the explanation of the "black studies" development, itself responsible for a considerable part of campus disturbance. Bright Negro youths naturally are unwilling to consider themselves inferior because they come from homes uninterested in English literature, in European history or in foreign languages. Give us a chance to study our own racial background, under our own teachers, they say—and we'll do as well as anybody. This may well be true, but nevertheless operates to stereotype rather than to diminish racial tension. The

Contributing columnist Felix Morley is a Pulitzer Prize-winning former newspaper editor and college president.

compulsory study of Swahili is not going to solve this problem, which can be met only by individual tutoring of the ill-prepared, whether black or white. Many teachers have valiantly given the extra effort which this involves, but with the huge influx of undergraduates individualized instruction has become practically impossible. On the contrary, the trend is more and more towards mechanical, impersonalized processing. But to be treated like computerized raw material in a huge educational factory is not at all what ambitious youth expected from what an older generation called "bright college years."

Because student unrest is novel in this country our universities have never developed channels through which discontent can be expressed in orderly fashion. Until recently there was no communication whatsoever between the student body and the trustees who have ultimate authority. Overburdened presidents leave this contact to the deans, who have the power to discipline but not to institute reforms. Teachers are well organized in defense of their own prerogatives, but not for the morale of the institution as a whole. In order to promote their "annual giving," alumni are seldom informed on anything but the sunny side of campus life.

Exclusion from any voice in educational policy simply does not work for the contemporary undergraduate, who may seem immature to his parents but is nevertheless far more sophisticated and better informed than were those of a generation ago. He has grown up in a very permissive climate, with much more emphasis on rights than responsibilities. With this background it is scarcely surprising that an "activist" organization—Students for a Democratic Society—has mushroomed from coast to coast, attracting many of the brightest and most energetic youngsters to its well-coordinated program.

The one big exception to the power of SDS is itself instructive. The organization has little strength in the community colleges now functioning in every populous county throughout the nation. In part that is because these two-year colleges do not have dormitories and therefore offer less opportunity for propaganda. But more influential is their educational philosophy, which in general is a vocational extension of high school training. Curiously it is at the pre-professional schools—prestige institutions like Berkeley and Stanford, Wisconsin, Dartmouth and Harvard—that student radicalism is strongest.

How, it is frequently asked, can a minority organization like SDS be so successful in revolutionary activity when the desire of the majority is certainly for uninterrupted study? Partly because SDS leadership is both skillful and glamorous, by no means the hippie-led beatnik bunch pictured by some ill-informed commentators. But equally effective is the fact that nearly every element in the average student body has some grievances like those noted above, and these are cleverly catalyzed by SDS leadership.

Thus, when the police or National Guard are called in to terminate some outrage, youngsters with little sympathy for SDS are nevertheless inclined to support it in resisting the outside intervention. A good many leftist faculty members join in denouncing the external force. And when young heads are broken, and teen-age girls dragged over the ground to paddy wagons, resentment flames up to promote another shocking confrontation.

Although it may sometimes be unavoidable, responsible educators are practically unanimous in opposing the use of force against student demonstrators. There is too much evidence that it has so far served to stimulate rather than eliminate disorder.

Acquiescence in reasonable demands, it is felt, is the more effective way of separating the great majority of moderates from those who have some revolutionary purpose in mind. And this summer's breathing spell is being actively used to that end. In many colleges, when classes resume this fall, there will be students represented on faculty committees and sitting as observers on all but executive meetings of boards of trustees. Black and white alike will have a say in the development of Afro-American studies, and government contracts of a hush-hush or military nature, if not altogether eliminated will cease to operate on campus.

One more form of cooperation would probably help greatly in restoring the vital role of the colleges as centers of orderly learning. That is more uninhibited dialogue, during these summer months, between parents and their undergraduate offspring. If sympathetically handled, that will remove much of the misunderstanding now fostered by the generation gap. It would be tragically absurd to think that a people able to reach the moon is incompetent to bridge the differences in thinking within a single family.





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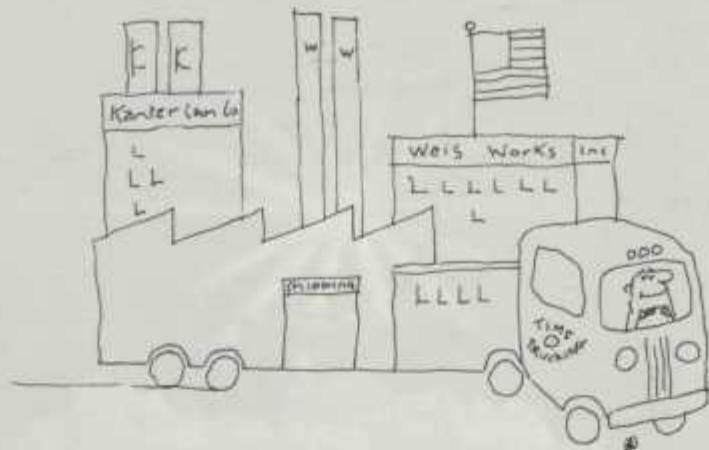
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The easiest explanation of the campaign to drive the United States armed forces officer training programs off some of the nation's campuses is that it is part of a spontaneous revolt against war by students.

That probably is the farthest from the truth of any possible interpretation.

There's been no popular revolt against the ROTC on any campus, as far as news reports have revealed. The demand originates among a few bearded activists whose purpose is not change, but turmoil.

Although the apparent intent is to deny training facilities for the officer corps, that's hardly a likely goal. If it is, the drive is failing. As Defense Secretary Melvin R. Laird points out, more schools are adding ROTC programs than are dropping them. And there's a list of schools waiting to sign up.

Among officials in Washington who study such things, some see a pattern of organization behind the campaign.

If they are right, the strategists who laid out and direct the movement must be well aware of that waiting list, and of the fact they could accomplish little in the way of diminishing training facilities available to the armed forces.

Which suggests another and more serious purpose: To bring disrepute to all of America's armed forces and defense efforts by creating such contempt for the ROTC as a foul and vile thing that it is driven from such newsworthy campuses as Harvard's.

Who's doing the driving?

The Washington officials who see organization in the campaign attribute its origin to the communists' over-all strategy for war in Viet Nam and peace negotiations in Paris.

They see it as one of the many projects being used to hack away at American power and prestige that could be used against them in Da Nang or Paris.

This interpretation is spoken off the record. Washington is concerned about the political popularity of such a position these days, and concerned about the backlash possibilities of a witch-hunt tag.

Whether they're right or wrong in their assumptions,

WHO ARE THE VICTIMS?



BY ALDEN H. SYPHER

the action on a sampling of the nation's campuses must please Ho Chi Minh much more than it could comfort President Nixon or Ambassador Lodge.

In any case, expulsion of the ROTC either by direct methods or by denying credit for its courses cannot be attributed to students. They haven't the authority necessary to abrogate a contract between the school and a branch of the armed services.

Faculties make such decisions. Even those members who don their beads and join with minority activists in screaming obscenities at the police during scheduled campus confrontations usually have full voting power on decisions that determine the policies and practices in the schools. There is the leadership supporting self-righteous young radicals who try to break down democracy by force.

This is the traditional faculty power brought to this country from Europe, along with the concept that a campus offers sanctuary from the police—an idea hardly valid on many campuses today since it stems from the times when schools were branches of the church.

Even the yards of those schools still connected with churches hardly seem proper sanctuaries for those who burn buildings and screech four-letter epithets at policemen and presidents alike.

Who are the victims of this drive against military training on college campuses?

Everyone in the country would be, if the campaigns were successful, for the effectiveness of the nation's defense forces depends on the effectiveness of the officer corps.

The service schools at Annapolis, West Point and Colorado Springs are far from big enough to produce all the officers required. The Army depends on the college training program for half its commissioned officers. A third of the Navy's officers and 30 per cent of Air Force officers come from the civilian schools.

There are no plans for expanding service schools to take over the entire training load. Armed services

Contributing columnist Alden Sypher is former editor and publisher of Nation's Business.

under civilian top command and sensitive to civilian attitudes need a large part of their leadership trained in a civilian environment.

So there will be continued dependence on colleges and universities to turn out Army, Navy and Air Force officers.

The more immediate victims of the drive are the particularly able young men who have won Navy scholarships through competitive examinations, and had chosen to go to schools that recently have terminated their ROTC agreements, or have changed their minds about giving credit for ROTC courses.

Among the latter group is Harvard, which made an agreement with the Navy in 1926. It lasted until this year when a few Harvard students not in the program instigated demands that military training be denied the entire student body.

Thus motivated, the faculty passed a resolution recommending that credit be withheld from students in military classes, and that all such classes be considered extra-curricular. The administration acquiesced.

The direct victims are 21 outstanding high school graduates who won full Navy scholarships, and had chosen to go to Harvard. Because of the conditions imposed by Harvard, these young men were told by the Navy to choose other schools.

Such Navy scholarships are among the best offered by any institution. They include full tuition, book costs, and a \$50 a month allowance. More than half the Navy's nearly 10,000 ROTC students in 54 colleges and universities are on full scholarships won in competitive examinations.

In setting up conditions the Navy decided it could not meet, Harvard was well within its rights. It is a private school. But its administration must feel a public responsibility in view of the vastness of its endowment, its magnificent plant, its stature as America's oldest institution of higher learning.

Harvard's library, for example, with more than 7.6 million volumes and an annual expenditure rate of \$7 million, is exceeded in size in this nation only by the Library of Congress and the New York City library system.

Harvard has 150,000 more books than the entire collection in the Air Force system with its 667 worldwide library locations.

Harvard's endowment is more than \$600 million, the largest of any school in the country. That's slightly

more than \$40,000 for each of its 15,000 students. At 5 per cent interest it would produce more than \$2,000 a year per student.

Yet, at \$2,000, Harvard's tuition is in the top bracket among the nation's universities. All this indicates the quality of education that may be offered at Harvard, including a faculty nearly half the size of the student body—a teacher-student ratio of nearly 1 to 2.

This is a facility denied the most promising young men the Navy could find, because the university administration broke a 43-year-old agreement by approving a faculty recommendation that followed the strident demands of a small minority of Harvard students militantly against the military.

The Brown University faculty, also nearly half the size of the student body, made a similar recommendation under like circumstances.

Brown's president, Dr. Ray Lorenzo Heffner, didn't accept his faculty's decision. He is said to have assured the Navy the existing agreement would be honored.

Faculty reaction to this is said to be one of the reasons Dr. Heffner resigned to return to teaching at the University of Iowa.

Altogether this is a small thing from the services' point of view, measured against the 260,000 students enrolled in Army, Navy and Air Force programs in colleges and universities across the nation.

But it does bring up the question:

Who's doing the driving?

Is student power so tremendous that faculties and administrators must bow to the demands of a few aggressive bigots who seek—too often successfully—to deny freedom of choice to the great majority?

Is the problem accurately analyzed by faculty and students at Amherst, who took two days off for discussion, and concluded that what's wrong on campuses can be cured only by the White House, since the problems are war, poverty and racial repression?

Or do we just need strength and resolution at the top?

S. I. Hayakawa, the acting president who met student disruptions at San Francisco State College head-on, has become so popular in California that only Gov. Reagan could beat him in an election today, according to a survey.

In a democracy there's always a chance that the people are right.



Ask the boy who runs electronically —about Ætna.

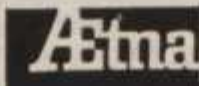


His heart is bad, but his spirits are good.

Because a remarkable electronic device helps him live a normal boy's life. It stimulates and regulates his heart. Safely. We know, because we insure it.

Whenever an extraordinary scientific advance poses an extraordinary insurance problem, Ætna finds the solution. Our engineering and medical specialists continually evaluate the insurance and safety aspects of many new ideas. Like human organ banks. Electronic monitoring of intensive-care patients. Laser surgery. And computerized diagnostic systems for doctors.

We work on the frontiers of science and technology. Sometimes with our clients. Sometimes a step ahead of them. Isn't that what you'd expect from one of the world's largest companies selling all kinds of insurance?



OUR CONCERN IS PEOPLE

LIFE & CASUALTY



QUARTERLY OUTLOOK SURVEY

Top Executives See "Dip, Then Up"

Seven hundred twenty-one American businessmen took a close look at the national economy for a NATION'S BUSINESS survey, and most saw a few dark clouds in the immediate future and then blue skies for months to come.

George W. Mead II, president of Consolidated Papers, Inc., of Wisconsin Rapids, Wisc., expressed in a few succinct words the sentiment of one executive after another when he wrote that the economy will "dip, then up" in the next two or three years.

M. J. Warnock, chairman of Armstrong Cork Co., of Lancaster, Pa., said it this way: "After a significant slowdown in activity within the next

six to nine months, I expect the American economy will resume its early sharp rate of annual increase."

James S. Kemper Jr., president of the Kemper Insurance Group of Chicago, said the economy "will level off for a year or so, then resume a moderate uptrend."

Of executives taking part in the thirty-first NATION'S BUSINESS Outlook Survey, 374 saw a general forward and upward thrust in the economy for the next two or three years. Only 38 believed the economy will slip backwards while 176 thought things will rock along the same as now. Not everyone surveyed answered all questions.

The survey was one of the largest ever conducted by a business maga-

zine. Respondents ranged from presidents and chairmen of boards of the largest companies in the United States to executives of medium sized businesses.

Executives of major corporations were preponderant.

In conducting the written survey, NATION'S BUSINESS prepared 10 questions and agreed respondents would be quoted, or not quoted, as they preferred. Many executives would send in their written answers only off the record.

Here are the results on questions for which answers could be tabulated:

1. What will happen to your own business sales or volume during 1969 as compared with 1968? "Increase,"

said 580. "Level off," said 100. "Decline," said 36.

2. What will prices of your own products or services do in 1969 as compared with 1968? "Rise," said 458. "Stay the same," said 125. "Decline," said five. "Some prices up and some down," said 79.

3. What will your own company profits do in 1969 as compared with 1968? "Improve," said 389. "Remain the same," said 211. "Decline," said 95.

4. What direction will your company's spending take for capital improvements this year compared with last year? "Increase," said 301. "Decrease," said 157. "Remain the same," said 235.

5. By what percentage do you expect your labor costs, including fringe benefits, to increase this year? Only three executives anticipated no increase, one anticipated a 1 per cent increase and three a 2 per cent increase. Other estimates were: 3 per cent—nine; 4 per cent—14; 5 per cent—100; 6 per cent—109; 7 per cent—101; 8 per cent—53; 9 per cent—13; 10 per cent—94; 11 per cent—five; 12 per cent—14; 13 per cent—one; 14 per cent—two; 15 per cent—19; 17 per cent—13. At the extreme, two executives expected labor costs to jump 40 per cent.

6. What is your estimate of the Nixon Administration's attack on inflation? General satisfaction was expressed by 397 executives. Too soon to estimate, said 61. Too mild, wrote 121. Too strong, wrote only six. Several executives equivocated and more than a score declined to say.

Key question: Next few years

Executives obviously considered the key long-range question to be what course the economy would take in the next two to three years. Bankers, who usually have large and effective economic departments in their organizations, generally agreed with Messrs. Mead, Warnock and Kemper in foreseeing big days after a short downturn or a period of not-so-vigorous business.

Here's a sampling of opinions from leading bankers:

"After a modest recession in 1970, the economy should continue upward with less inflationary bias," wrote George F. Kasten, chairman of the First Wisconsin National Bank, Milwaukee.

"A slowing down in the third quarter

of 1969, followed by a 'mini-recession' commencing in the fourth quarter of 1969 and continuing through the second quarter of 1970. A recovery commencing in the third quarter of 1970 and continuing at least a year thereafter," wrote Jack F. Glenn, chairman, Citizens and Southern National Bank, Atlanta.

"Slow down for one year, then resume climb on a sound basis with price inflation at 2 per cent," wrote Donald E. Lasater, president, Mercantile Trust Co., St. Louis.

"Hopefully some slowing down to check inflation; then it will start expanding again at a faster rate," wrote Raymond T. Perring, chairman, Detroit Bank and Trust Co., Detroit.

Two California bankers were more optimistic.

C. C. Blakemore, president, Southern California First National Bank of San Diego, said he was "hopeful" for improvement.

Harold L. Buma, manager of the economics department for Wells Fargo Bank in San Francisco, wrote: "In general, I see the next two or three years as solid growth years for the economy, assuming we are successful in containing current inflationary trends. In fact these years should witness an accelerated expansion as our labor force growth rises sharply and the rate at which new families are established quickens."

Other bankers foreseeing something of a "slightly down and then up" trend included: Hayes Picklesimer, chairman, The Kanawha Valley Bank, Charleston, W. Va.; Fredd T. O'Donnell, president, Wilmington Savings Fund Society, Wilmington, Del.; Charles W. Lantz, president, Citizens National Bank, Hollywood, Fla.; B. C. Grangaard, chairman, Central National Bank and Trust Co., Des Moines; Lewis Bond, The Ft. Worth (Texas) National Bank; William A. Stroud, president, First Knox National Bank of Mt. Vernon, Ohio; John W. Alford, president, Park National Bank, Newark, Ohio.

The biggest problem

Another question which engendered discussion, controversy and a wide variety of answers was, "What is the biggest problem facing American business today?"

John O. Nicklis, chairman, Pitney-



Johnson Administration policies are still followed too closely to please Jack F. Glenn, board chairman of Atlanta's Citizens and Southern National Bank.



Thomas A. Bradshaw, board chairman of Provident Mutual Life Insurance Co., believes the Nixon Administration's attack on inflation "will be helpful."



"A growing demand for convenience products and products geared to leisure" is foreseen by Robert C. Cosgrove, president, Green Giant Co. of Minneapolis.

Top Executives See "Dip, Then Up" *continued*

Bowes, Inc., of Stamford, Conn., gave a multiple reply, listing Viet Nam, racial and urban crises and their disruption of our society.

Agreeing in whole or in part with Mr. Nicklis were: Frederic E. Crist, executive vice president, William J. Burns International Detective Agency, Inc., New York; E. H. Wasson, chairman, Pacific Telephone and Telegraph Co., San Francisco; Edwin L. Parker, president, A. G. Spalding and Bros., Inc., Chicopee, Mass.; H. L. Young, American Zinc Co., St. Louis; Louie Lathem Jr., Lathem Time Recorder Co., Atlanta; Donald S. Bittinger, president, Washington (D. C.) Gas Light Co.; J. B. Frierson, chairman, Dixie Yarns, Inc., Chattanooga, Tenn., and Norman B. Schreiber, president, Walter E. Heller and Co., Chicago.

National Can Corp. Chairman Robert Stuart, of Chicago, wrote that business faces two biggest problems: "The concentration of economic power and its resultant government controls, and secondly the urban crisis which will have to be solved by business and businessmen in cooperation with government."

John T. Di Palermo, treasurer, Prudential Lines, steamship operators, said problem number one is "social unrest."

The big trouble is "the government, its pervasiveness," said Green Giant Co. President Robert C. Cosgrove of Minneapolis.

Scores of the highest ranked officers of the largest U. S. companies, such as Leo H. Schoenhofen, chairman of the Container Corp. of America, simply listed "labor" as the big problem, or provided detailed answers as to why they thought poor workmanship, unions and related labor troubles are the most plaguing.

"Lack of good quality workers" is the big problem, according to Lawrence Emley, president, Kiwi Polish Co., Pottstown, Pa.

R. H. Beuthel, special assistant to the president of American Mail Line, Ltd., shipping owners and operators, wrote that it is, "continued lack of control over labor unions and their self-serving policies by government."

W. F. Wheeler Jr., chairman, American Chain and Cable Co., New York, commented on the troubles of trying to attract and hold qualified people.

More than half the respondents listed



The Nixon Administration is more liberal than expected, says President Louie Lathem of Lathem Time Recorder Co.

inflation as either the main, the number two or number three problem.

Bennett Archambault, chairman, Stewart-Warner Corp., Chicago, bracketed inflation and labor when he wrote that the two main troubles are, "the inflation brought about by the two preceding Administrations, coupled with the monopolistic pricing of much of union-organized labor."

Only a handful of executives listed the Viet Nam war as one of the greatest problems facing business.

Nixon's inflation fight

A sampling of answers to the question on how President Nixon is handling the fight against inflation:

Success was foreseen by G. W. Maxwell, president, Erie Lackawanna Railroad Co., of Cleveland. "We feel that Washington's policy will be tougher than it has been in the past and that it will be held even to the point where it might hurt, but that it will have some impact on inflation," Mr. Maxwell wrote. "The repeal of the investment tax ended a very ill-advised move, at least so far as railroads are concerned."

A. S. Boyd, president, Illinois Central Railroad, Chicago, went straight to the point: "Slow, steady pull. Tight-rope act. Extreme care lest effects snowball into recession."

Robert P. Gerholz, president, Gerholz Community Homes, Inc., Flint, Mich.: "Inflation problem will not (because it cannot) be effectively dealt with in 1969. I doubt whether the present fiscal and monetary policies of the

Administration will succeed in cooling off the economy before the spring of 1970."

F. Ritter Shumway, chairman, Sybron Corp., Rochester, N. Y. predicted the inflation fight "will be partially successful."

Writing at length, Howard W. Kacy, chairman, Acacia Mutual Life Insurance Co., of Washington, D. C., said: "Considering the three main areas in which government action is needed to control inflation:

"Reduce deficit spending: A token effort has been made.

"Monetary and banking controls: Action has been prompt and in the right direction, but this alone will not do the job.

"Controlling pay increases not clearly justified by increased productivity: No effort or results are evident and the government itself has set a poor example by substantial increases in top level compensation plus continued across-the-board increases. Industry is constantly under pressure to raise wages to meet competition with the government. This cycle continues to go 'round and 'round."

T. A. Bradshaw, chairman, Provident Mutual Life Insurance Co., of Philadelphia, would only go so far as to write that he thought the Nixon fight "will be helpful."

Said Dr. Jesse Werner, chairman and president of GAF Corp., "Although it is perhaps too early to tell, they (Nixon's men) appear to be using the same strategy as the previous Administration. There is therefore the



Chairman Raymond T. Perring of Detroit Bank and Trust Co. looks for a slowdown, then an economy expansion.



Leo H. Schoenhofen, chairman of Container Corp. of America, doubts that the fight against inflation will be successful.

expanding the authority of agencies at the expense of Congressional guidance and control."

Robert W. Hartwell, vice president, Detroit Edison, Detroit, saw a "possible slight change in philosophy (from previous Administrations). I would look forward to greater federal agency and department understanding and cooperation."

Robert G. Dunlop, president, Sun Oil Co., Philadelphia, said: "The Nixon Administration appears to be taking a more assertive attitude toward maintaining competition in industry."

R. C. Heymann Jr., president, Ohio Plate Glass Co., Toledo, felt the changes are "mostly window dressing."

New trends in business

Final question in the survey was, "What new or different trends or developments, products or services do you foresee in the next few years?"

Answers, understandably, varied with the respondent and with the respondent's business.

For example, W. Arthur Grotz, president, Western Maryland Railway, of Baltimore, wrote, "Emphasis on housing and a rediscovery of railroads."

Norman P. Monson, financial vice president of Ramada Inns, Inc., said, "Broadening of companies' product lines to include complementary products and services."

E. P. Berg, president, Bucyrus-Erie Co., South Milwaukee, wrote, "Pace of new product introduction will be stepped up."

Raymond French, president, Canal-



Our biggest problem? President Bennett Archambault of Stewart-Warner Corp. says it's inflation. Causes? Unions and Democrats.

Randolph Corp., New York real estate company, looked for "greater automation in service field to control costs."

James D. Wormley, president of the Oliver Corp., Chicago, said there will be new developments in "services which have to do with better, low cost housing, better, low cost food, and better, low cost services."

One thing foreseen by Thelma J. Peterson, president, Precision Spring Corp., Detroit, is a negative income tax plan by government. [See "The Negative Income Tax: More Minuses Than Pluses" on Page 34.]

Alfred L. Seelye, chairman, Wolverine World Wide, Inc., a shoe and tannery firm, looked for many radically new products to result from space developments.

F. J. Robbins, president, Bliss and Laughlin, Oak Brook, Ill., wrote: "A continual growth toward services as opposed to products, and more and more emphasis by business and government on social problems, using their resources in developing new products to this end."

Stuart Davis, chairman of Great Western Financial Corp., Beverly Hills, Calif., said: "Increased use of prefabricated housing components, increased construction of multiple dwelling units versus single family homes, new sources of Federal Home Loan Bank credit for savings and loan associations, continued increase in sales of mobile homes, and less restrictive building codes to lessen building costs."

END



President H. L. Young of American Zinc Co. looks for better mass transportation and improved raw materials in the years ahead.

How is the government doing?

The Nixon Administration is not yet six months in office but executives are forming opinions rapidly on the performance of business-oriented departments, and department heads, of the federal government. These include the Departments of Commerce, Transportation, Labor and Interior, and agencies such as the Securities and Exchange Commission.

L. E. Flanagan, director of corporate plans for Ling-Temco-Vought, Inc., of Dallas, was generally critical when he wrote, "Policy directions are unclear, although there appears to be an acceleration in the dangerous trend of

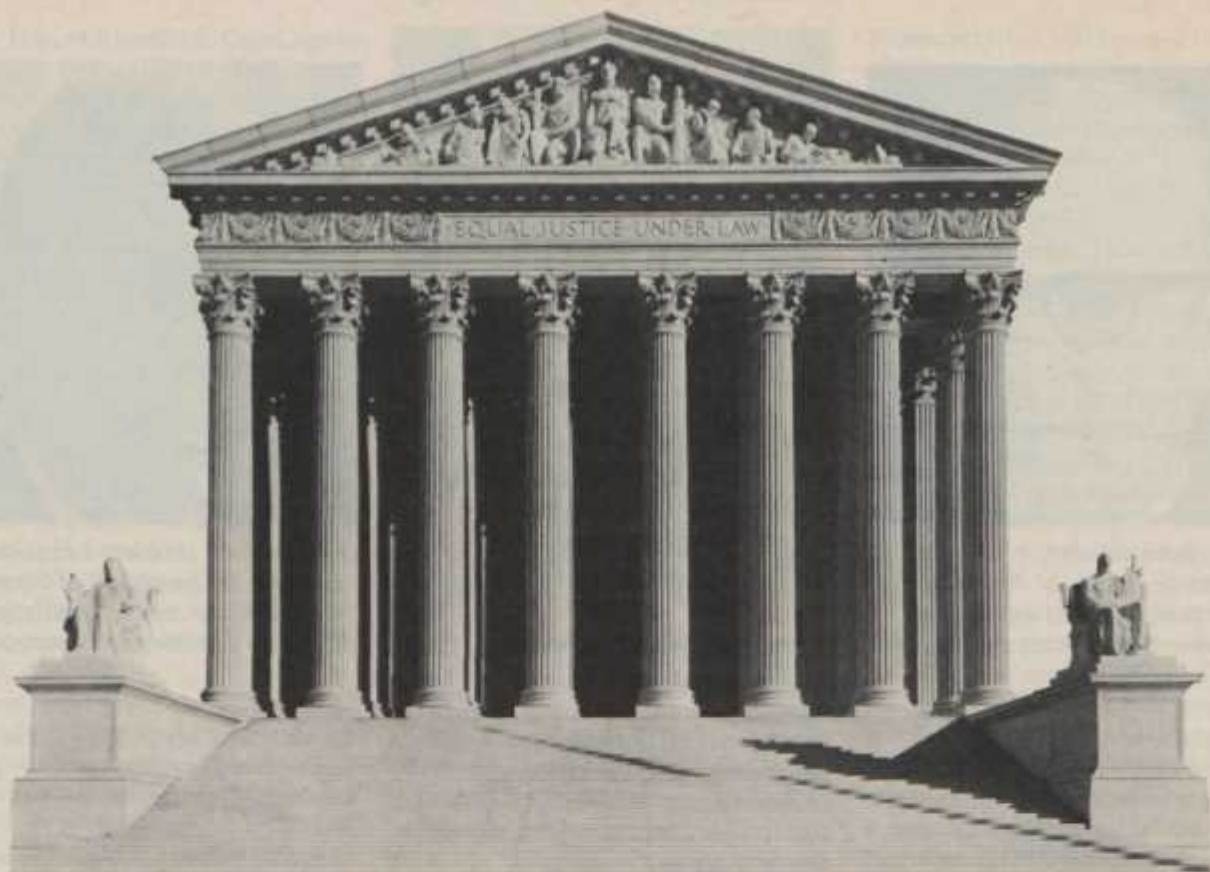


PHOTO: HENRY J. COOPER

The New Supreme Court and Business

Our highest tribunal is changing, but how much and how fast are questions as big issues dot the docket

The new Supreme Court, which is expected to mirror a far more restrained image than the Warren Court, is going to be just as crucial to business in the months ahead as it will be on wide-ranging crime and social issues.

It faces, among other things, the torrid question of conglomerates.

What the activism of the Court in the era of Chief Justice Earl Warren has meant to businessmen, and what the Court's new makeup will mean to them, are points worth pondering.

The Court is changing, and not just because there will be at least two new faces behind the polished mahogany in the marble and red-velvet chamber when the new term

starts in October. Many believe change is inevitable in the face of increasing public and political resistance to the activism of the Warren Court.

This activism—expanding the reaches of statute as well as constitutional law—has been just as great in business and economic matters as it has been in the more publicized areas of crime and civil rights.

The choice of Warren Earl Burger as chief justice portends the shifting mood. A calm, quiet jurist, he has described himself as a "moderate liberal" and a "strict constructionist" in the interpretation of the Constitution.

President Nixon's appointment of

a "strict constructionist," a term he himself has used as a criterion for the type of judges he would name, is indicative of the Court that could emerge within the near future.

Including the chief justice and an associate justice to replace Abe Fortas, who resigned amid a storm of controversy, it is not inconceivable that Mr. Nixon will before the 1972 election replace five members of the Warren Court.

Age—Justice Hugo Black is 83—and failing health—Justice William O. Douglas wears a heart pacemaker and Justice John M. Harlan is ailing—could force two or three more justices into retirement.

Consequently, the new Supreme Court probably will be more experienced in the law, more meticulous in its writing of opinions and more conservative in its view of its role in government than was the Warren Court.

The cases and controversies that

come before the Court mirror the concerns and controversies that engage the nation at any given time. The Court, in turn, tends over the long term to keep in step with the national mood, speeding up when it has lagged or slowing down when it has raced too far ahead. New justices, of course, help to return the Court to the mainstream. But whether or not they read the election returns, old justices also sometimes have second thoughts.

Crime and disorder, for example, worry the nation now and certainly a large body of public and political opinion feels the Warren Court has gone too far in enlarging the rights of the criminally accused and curtailing the powers of police.

The Nixon appointees surely will stand against further expansion of criminals' rights, if not a partial undoing of the rights already granted. Some reaction against expansion already is apparent in the Court. Justice Black recently has dissented vigorously to criminal law decisions of the Warren-led majority.

The Warren Court's activism in areas most directly affecting business has appeared less sensational than it has in areas involving crime, civil rights and legislative reapportionment because Congress was creating and the Executive branch was administering a large body of business, corporate and economic law long before Earl Warren came to the Court in 1954. The Supreme Court already had upheld the constitutionality of such law, at least so far as the commerce clause was concerned.

Therefore, the Warren Court's decisions in these areas usually stemmed from cases brought by or originally decided by Executive agencies. The Court has interpreted statute law, generally with scant reference to the Constitution.

"Government never loses"

It has been said that, in the past decade or so, "the government never loses" before the Supreme Court on antitrust, business regulation, labor, taxation and similar issues. The

statement is almost literally true. The Warren Court routinely has affirmed the government, and in so doing it frequently has expanded the laws that apply to business—sometimes beyond anything that would be recognized by the Congresses that originally passed such laws.

Congress enacted the Sherman Act, the nation's first antitrust law, in 1890 to bar monopolies and other combinations in restraint of trade. It has been used by the Justice Department for many years to enjoin companies from combining for the purpose of monopolizing an industry, and the ban on combinations long has extended to price-fixing conspiracies among competitors.

But the Supreme Court a few years ago held the Sherman Act also prevents General Motors from trying to stop its dealers from selling cars to discounters. And the Court early this year decided, in a case brought against Container Corp. of America and a number of other box manufacturers, that the ban on price-fixing extends even to the mere exchange of information about prices charged customers.

The Warren Court has stretched the Clayton Act, originally passed in 1914 and still the nation's second most important antitrust law, to even greater lengths.

The act, as subsequently amended, allows the Justice Department or Federal Trade Commission to file complaints to stop corporate mergers and acquisitions "in any line of commerce" where the effect "may be substantially to lessen competition, or tend to create a monopoly." The law's obvious purpose was to halt mergers of large, competing companies that sell similar products in the same geographic markets.

But how large is large? Do mergers of not-so-large companies enhance competition by strengthening their ability to compete with the largest companies?

The Supreme Court has answered these and other questions almost automatically, by banning virtually all mergers that come before it. In

the Court's view, mergers are bad and it has little patience with those who argue the intricacies of mass production economics and industrial competition.

Merger milestone

A milestone in the recent history of Clayton Act enforcement by the Justice Department was erected in 1958, when a federal district court enjoined the proposed merger of Bethlehem Steel Corp. and Youngstown Sheet & Tube Co. Bethlehem was the nation's second largest steel company and Youngstown ranked sixth. Together they would have had 21 per cent of the industry's steel-making capacity—clearly no monopoly. But the district court rejected their argument that together they would be better able to compete with dominant United States Steel.

The Supreme Court undoubtedly would have affirmed the district court, if asked. It was asked and did stop mergers of competitors smaller than Bethlehem and Youngstown, capping a series of Clayton Act decisions in 1966 with an opinion halting the merger of two supermarket chains—Von's Grocery Co. and Shopping Bag Food Stores—that combined would have had 7.5 per cent of grocery sales, not nationally, but only in the Los Angeles area.

The Court thus has stretched the Clayton Act downward to reach relatively small companies. It also has stretched the law in other directions.

It has, for instance, stopped "vertical" mergers of manufacturers with their customers, such as the acquisition by a shoe manufacturer of shoe retailers. And it has begun to halt mergers of large companies that are in different lines of business and aren't competitors at all, on the theory that they are "potential" competitors. The leading case in this still rather new antitrust territory was decided in 1967, when the Supreme Court ordered soap-making Procter & Gamble Co. to divest itself of bleach-making Clorox Chemical Co.

The Court's decisions in business

regulation cases are of a pattern that is similar, although not identical, to its rulings in the antitrust area. The difference is that, in regulation cases, the Justice Department sometimes opposes a regulatory agency before the Court and two "governments" can't both be right.

Government vs. government

When the Justice Department and the regulators are in opposite corners of the ring and the justices act as referee, the outcome often is quite unpredictable, largely because of ambiguities in some of the complex regulatory statutes.

in stock market matters. In so doing, the Warren Court not infrequently has conferred on federal regulatory agencies powers they were not specifically given by Congress. The Federal Trade Commission repeatedly asked Congress for a law giving it authority to seek preliminary federal court injunctions to block challenged mergers, pending final ruling on the merits. Congress refused. But the Supreme Court in 1966 decided the FTC could seek such injunctions.

The Court last year reversed a Circuit Court of Appeals ruling that the Federal Communications Com-

mission did not have authority to regulate the community antenna television industry. The appeals court reasoned that Congress had empowered the FCC to regulate radio and television broadcasting and wire communications by telephone or telegraph, and that CATV was none of those. But the Supreme Court held the FCC has broad authority over "all communication."

prices but the Commission refused, saying it was powerless to do what Congress hadn't authorized it to do. Gas-consuming states took the FPC to court and the Supreme Court in 1954 decided that, even though the Natural Gas Act didn't specifically extend to producers, the Commission must regulate producers' prices. It was a strange case because the agency hadn't asked the Supreme Court for this new power. Its effect was massive because the FPC began to regulate hundreds of millions of dollars of wellhead gas sales by thousands of producers.

The assignment wasn't easy and the FPC still has not established permanent regulatory controls over all gas producers. But the agency has made giant strides since 1954 in regulating gas producers, and the Supreme Court has affirmed it all along the way.

The Supreme Court each term decides more cases from the federal regulatory agencies—labor, banking, maritime, railroad, trucking, communications, securities, power and other cases—than from any other single category of litigation. In all business regulation cases, as well as in antitrust, taxation and other such matters, the story is the same: The government rarely loses.

Change at the Supreme Court historically has come slowly and subtly. New generations of justices sometimes have reversed what was done by earlier generations. But the post-Warren Court will not summarily reverse the works of the Warren Court, in business cases or in criminal or civil rights matters.

Still, there will be change, and though it obviously is impossible to predict with precision the courses change will follow, it seems safe to generalize. The new Court is likely to practice less judicial activism and more judicial restraint. It is likely to defer more to the other two branches of government, to stick closer to precedent and to write opinions more closely confined to the case and the law at hand.

The new restraint may well become apparent first in decisions in the area of criminal law. But, with a more restrained Court, the government probably won't win and businessmen won't lose so often.

People who know Judge Burger

"Congress and the Executive make policies in various areas which many reasonable people consider unsound. But policy is not the business of judges."

—Warren E. Burger, in a dissent to a decision of the U. S. Court of Appeals for the District of Columbia Circuit, Sept. 11, 1968.

For example, in the late 1950's the Federal Power Commission said the Natural Gas Act, which it administers, allowed El Paso Natural Gas Co. to acquire Pacific Northwest Pipeline Corp. The Justice Department said the Clayton Act barred the acquisition. The Supreme Court agreed with the Department.

On the other hand, when the Interstate Commerce Commission in the 1960's approved the merger of Atlantic Coast Line and Seaboard Air Line Railroads, the Department objected and the Supreme Court sided with the ICC.

Most business regulation cases, however, don't involve unseemly intragovernment rows. The parties are only the regulatory agency and a company or industry, and the Supreme Court usually affirms the agencies, state or federal, and their expansive interpretations of statutory authority.

The justices consistently have upheld states' power to regulate the size of railroad train crews. They routinely have affirmed Interstate Commerce Commission decisions in railroad and trucking rate issues, Federal Power Commission rulings in natural gas rate cases and Securities and Exchange Commission edicts

mission did not have authority to regulate the community antenna television industry. The appeals court reasoned that Congress had empowered the FCC to regulate radio and television broadcasting and wire communications by telephone or telegraph, and that CATV was none of those. But the Supreme Court held the FCC has broad authority over "all communication."

The strange natural gas case

Probably the largest, and strangest, expansion of regulatory law by the Supreme Court was in the natural gas area. When Congress wrote the Natural Gas Act in 1938, it empowered the Federal Power Commission to regulate the pipeline companies which transport gas from Southwest wells to consuming areas all over the nation. Congress did not empower the Commission to regulate the well owners, or producers, from whom the pipelines bought their gas.

After World War II, the wellhead price of gas paid by the pipelines for their supplies began to rise. The price at which they delivered gas to city distribution utilities of course also rose. Gas-consuming states in the North began to demand that the FPC regulate the producers'

and his record speculate that on business issues, he could well follow a middle of the road path.

Important issues on tap

President Nixon's chosen chief justice is assured of ample opportunity to show his colors in the Court's term which opens in October. The Court already has agreed to review, in the upcoming term, a variety of important business issues.

It will decide one of history's biggest railroad merger cases: The Interstate Commerce Commission approves, and the Justice Department opposes, the proposed merger of the Great Northern and Northern Pacific Railways with the Chicago, Burlington & Quincy Railroad.

The Court, weighing a damage suit brought against S. H. Kress & Co., will decide whether restaurants, stores and other companies alleged to have discriminated on account of race can be sued for damages.

It also will rule on aspects of federal regulation of milk marketing and state regulation of branch banking; on the National Labor Relations Board's authority to order back pay as a remedy for an employer's alleged refusal to bargain with a union; on a stockholder suit challenging the 1963 merger of Electric Autolite Co. into Mergenthaler Linotype Co. and on investors' right to sue stockbrokers for misdeeds of their employees.

Beyond next term, but surely before 1972, other very large cases and controversies will find their way to the Supreme Court and a new balance of judicial restraint versus judicial activism could be crucial in the outcome.

The largest business issue almost certainly will be the issue of conglomerate mergers. The leading case very probably will be the suit the Justice Department filed recently in federal district court in Pittsburgh against acquisition by Ling-Temco-Vought, Inc., of Jones & Laughlin Steel Corp. Asst. Atty. Gen. Richard W. McLaren, who already has described the case as a "landmark," aims to use it to expand the Clayton Act still further.

The Clayton Act does not specifically mention conglomerate mergers and the Supreme Court has not ruled on a "pure" conglomerate

merger of companies that are in wholly unrelated lines and that are not potential competitors.

Mr. McLaren wants the Court to stretch the law to bar acquisitions by large conglomerates of companies that are "leading" concerns in their own industries. His novel legal theories rest in large part on contentions that such acquisitions are fraught with possibilities of illegal reciprocity practices and that they add to total industrial concentration in the United States.

An activist Court undoubtedly would buy his theories; a Court practicing judicial restraint might not.

Beyond the conglomerate merger issue are others, more distant and less clearly defined. The rights of individuals and corporations, in an age of big government and big government spending, are being framed as issues of constitutional law, though the manner of their reduction to litigation remains unclear.

Harbingers of change

A suggestion of things to come was offered last year, when the Supreme Court ruled a federal taxpayer has standing to challenge in court the

constitutionality of a Congressional spending program. With that ruling, the Court reversed, or at least modified substantially, a 1923 decision. It specifically allowed a taxpayer to sue only against use of federal funds to aid religious schools, but this could open doors to challenges of other types of Congressional appropriations.

After all, as the Court noted, a taxpayer's stake in federal spending of the 1923 level may have been "infinitesimal," but in 1968 "corporate taxpayers have a federal tax liability running into hundreds of millions of dollars."

Recently, some justices also have taken to commenting in their opinions about the "arbitrary exercise of powers" by government officials. They have written unkindly about the "growing bureaucracy" and asserted "agencies are not always repositories of ultimate wisdom."

Remarks such as those have not necessarily reflected the will or way of the majority. Still, they come from mainstays of the Warren Court and they are further evidence of change that may loom large indeed, in the Supreme Court and in the nation.

END



The new Chief Justice of the United States, Warren E. Burger.

The Negative Income Tax: More Minuses Than Pluses



Fred Bennion (left) of Hawaii's Tax Foundation wants changes in the negative income tax plan, which Dr. Robert Kamins (right) of the University of Hawaii helped devise.

America's first state
program for making
the income levy a
two-way street is full
of holes

HONOLULU—Four years ago Hawaii became the first state to assure its citizens that if they did not have income of their own, the state would see that they received some.

The means of doing this was a negative income tax plan which most Democrats and liberals cheered as a "noble experiment" but which many Republicans and businessmen warned against as being unneeded and badly worked out.

Today, you can beat the bushes of these lovely islands, go from town to town on Oahu and Molokai and from farm to plantation to ranch on Lanai, Maui and Kauai and you will find few people who understand the complicated tax plan. You will find thousands who qualify for rebated money but who don't know the plan exists and others who receive refunds of as little as a dollar or two a year which may cost the state twice that in administrative expenses.

The Hawaii plan is now widely considered to be a case of misguided good intentions and a lesson in how not to help the people who need help the most. But, as is true of so many programs involving money, the plan has become something of a vote-getter, and there is little hope of the state getting out from under it.

With increasing discussion on the federal level about a national negative income tax, what has happened in Hawaii is worth looking at.

Moolah from muu muus

The plan originally was devised to lift from the poor some of the burden of Hawaii's 4 per cent sales tax. No state has as broad a sales tax as Hawaii. Every retail purchase is hit—for food, prescription and nonprescription drugs, the lot—so that the state can get ready cash from its hordes of muu muu-wearing lady tourists and aloha-shirted men tourists.

Actually, says Dr. Robert Kamins of the University of Hawaii's Economics Department, who helped develop original thinking on the tax plan, "the state had not wanted to collect sales taxes from its poor people to begin with." But the lure of the revenue from tourists was strong.

"We decided," says Dr. Kamins, "to use the income tax program as a means of returning some of the money collected through the sales tax to our very low income families."

The state legislature in 1965 passed three bills which, in effect, gave actual cash, or tax credits, to citizens in amounts based on their income. The less their income, the more they received.

The first two were intended to help parents with little or no income who had children in grade schools or in higher education. Little is heard these days about either of these two small scale programs, although there is growing evidence that the programs' objectives—to cut down on grade school dropouts and to encourage college training—have not been realized.

The third and most important bill set up a program which gave \$20 in cash a year for each member of a family that had income of less than \$1,000. If a family had \$1,000 to \$1,999 in income, each member got \$15 or—if the family had any tax liability—tax credits for that amount. If a family had income of \$2,000 to \$2,999, the refund or tax credit was \$10 per person; from \$3,000 to \$3,999 the refund or tax credit was \$5; from \$4,000 to \$4,999, it was \$3, and \$5,000 to \$5,999 it was \$1.

From the very first the plan was error-prone.

One blooper was in not having a general educational program to advise the people on what was involved. To this day thousands of needy Hawaiians don't take part. Some of those most eligible for help know the least about it.

Even if they know about the plan, they may be afraid to apply for funds or tax credits because they also know that every penny they get comes off the sum they receive in welfare checks. So why apply?

The poor don't keep records

Early in the program's operation it became apparent that most poor people simply do not keep financial records—they don't know how, they don't appreciate the necessity and they can't pay income tax accountants to do it for them.

This is one big reason why poor people often don't qualify for credits, or don't try to qualify. If they did they would have to pay income tax consultants their hard-earned money to get records together.

There's little persuasion, say in the autumn, for a poor man to worry about



PHOTO: ROBERT WISNER—LAKESIDE

The Negative Income Tax: More Minuses than Pluses

continued

a tax credit he won't receive until next spring.

Thomas K. Hitch, vice president and director of economic research for the First National Bank of Hawaii, says: "The plan is completely unworkable from an administrative standpoint. People who are supposed to benefit are the ones with little experience in income taxes. They must file completely to get a tax credit or money and this makes it impossible administratively. Every social worker in Hawaii would have to become a tax expert to advise these poor people."

The original bill neglected to specify that nonresident military people—there are tens of thousands at Pearl Harbor, Schofield Barracks and other installations—were not eligible.

When this omission became known, low income soldiers, sailors, marines and airmen in the thousands filed for, and got, the top amount of cash available for each member of their families although some of them had never paid Hawaii a dime in income taxes and had been in the islands only a few months.

One colonel's wife worked during two Christmas seasons in a post exchange while her husband was in Viet Nam. She earned only \$80, far below the \$600 personal tax deduction. She filed for and got \$260 in tax credits for herself and her large family. She was never a Hawaiian resident.

The nonresident loophole has been plugged—but only after Hawaii put out more than \$1 million unnecessarily.

Double standard

Another major blooper turned up when the state failed to specify what it meant by income. Under state income tax laws a person does not have to count income he gets from social security, unemployment compensation, workman's compensation, welfare checks, funds from annuities and insurance policies. For tax credits under the negative tax plan he must declare funds from these sources.

Such funds make a whale of a difference as to whether the head of a family gets a tax credit or not.

Two unexpected developments quickly attracted the eyes of state auditors

and tax officials. The first was the arrival of a large batch of tax returns accompanied by applications for cash under the negative tax plan. People filing the returns showed no income at all, which made them eligible for the full tax credit of \$20.

It soon was determined that the returns came from nuns who had been led into applying for the credits by income tax consultants.

They got the money.

The second oddity was the arrival of a batch of returns which showed identical incomes for a large group of men and women.

They turned out to be Peace Corps workers, who earned little. They, too, got checks from the state.

The Peace Corpsmen, in Hawaii only temporarily while training for overseas duty, no longer would qualify for negative income tax payments. But there's no reason why the nuns can't keep on collecting.

It quickly became obvious that the Hawaiian government wasn't equipped administratively to know what was going on in the negative income tax program. Right now, Mrs. Iola Rhyne, state tax research and planning officer, has only 1965-'66 statistics to work with. Later figures aren't available because records are so poorly kept and computers are jammed with other work.

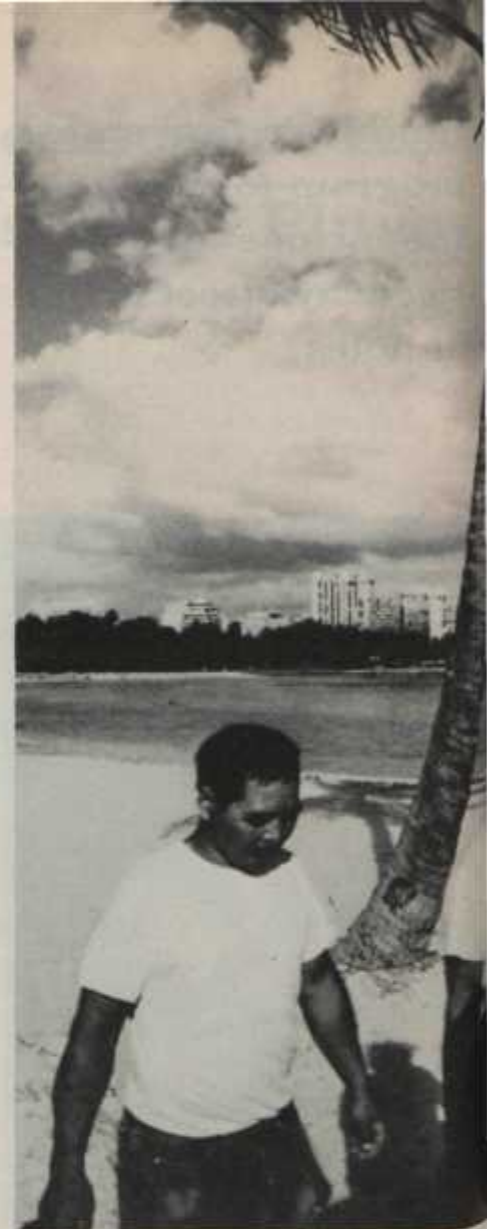
It is believed that 300,000 people are now receiving about \$1 million yearly under the plan. The cost of administering it is described as "very high" by Fred W. Bennion, director of the Tax Foundation of Hawaii.

Just how high, no one knows. Current costs, potential costs, and costs of alternative plans are obscure without up-to-date figures.

The state finds itself in the situation of a marksman in a shooting gallery when all the lights are out.

No remedy for cheating

Undeniably, cheating is going on involving figures declared as income. Under Hawaiian law amounts of money paid out in welfare benefits are confidential. Not even state income tax officials know what state welfare agents send to recipients. Results are



obvious. Many people don't declare welfare income when they file for tax credits.

New bills being considered by the legislature would not change this, so incorrect returns will prevail.

One big complaint is that no one gets enough money under the plan to make any difference.

"For someone with five children whose annual income is only \$500 or \$600, what does \$20 or \$30 mean to him?" a Honolulu businessman asks. "He certainly needs more money than that. We're using an eyedropper. Either let's do the job, or quit."

State Sen. Nadoo Yoshinaga, a Democrat and early backer of the negative income tax plan, still believes in it—



Thomas K. Hitch, vice president, First National Bank of Hawaii, says his state's method of guaranteeing income for all is "unworkable."

but in some different form and under different arrangements.

"We have had no educational plan to tell the people what they can expect," he says. "Our tax department has not helped either. It is oriented, not toward making the plan work and helping people, but against the plan. 'I'm like a lot of Hawaiians. I don't know just what to do. I'm confused, I'll admit.'"

Confusion that reigns in the state house reigns too in the business community.

Alternate proposals made

The Chamber of Commerce of Hawaii has this to say: "Neither the present nor any of the proposed plans satis-

factorily meet the objectives of the tax credit system. However, a properly devised consumer type income tax credit system would be preferable to food and drug exemptions."

A recurring proposal with a large following among the most conservative business people is to exempt food and drugs from the sales tax plan in lieu of the negative income tax. These business people thus do not agree with the Chamber of Commerce.

Another proposal with a business following is to give every taxpayer a \$20 a year tax credit, regardless of the size of his income. The thinking is that \$20 to a poor person means a lot more than \$20 to an affluent person, and therefore the poor would benefit more, proportionally. This, of course, would not be a negative income tax since a man with no income would not be able to take advantage of a credit against taxes he never paid.

Another version of this across-the-board \$20 grant would hand \$20 in cash to people without income and give a \$20 tax credit to everyone else.

Still another school of thought is that welfare benefits should be increased and the negative income tax wiped off the books.

One solution advanced by some of the most liberal Democrats in the state house is to push for federal control of all welfare, and a federal negative income tax program. State by state uniformity would be achieved, they say.

Last spring the Hawaiian legislature and state administration studied the problem, sought outside advice from such prestigious organizations as the consulting firm of Arthur D. Little, Inc., took testimony from business leaders and tax experts.

New bills put forward

As expected, several proposed bills emerged. One would have upped the amount of tax credits by \$5 or \$6 per category and at the same time provide small credits of \$1 and \$3 to people with incomes in the \$7,000 to \$10,000 range. This plan would have cost Hawaii \$4 million yearly.

The Senate came in with a bill which doubled, tripled and quadrupled

amounts of money to be paid out in various income categories. This would have cost the state \$9 million yearly.

Hawaii takes in only \$70 million yearly in income taxes and to turn around and give \$9 million back was considered too big a bite from state funds.

On May 21, with time running out in the session, the legislature felt it must make some adjustments in the existing plan. In the final day it passed and sent to the governor a plan along the lines recommended by Arthur D. Little.

Here are annual income brackets with amounts of refunds:

\$0 to \$999	—\$21 per person
\$1,000 to \$1,999	—\$20 per person
\$2,000 to \$2,999	—\$18
\$3,000 to \$3,999	—\$17
\$4,000 to \$4,999	—\$13
\$5,000 to \$5,999	—\$9
\$6,000 to \$6,999	—\$5
\$7,000 to \$7,999	—\$3
\$8,000 to \$8,999	—\$1

Other states, too

Since Hawaii brought in the first negative income tax plan in 1965, Iowa has produced one with a \$12 per head, per year, maximum credit. Extensive evidence is needed before that plan can be assessed.

Four other states have flat rate tax credits. Indiana gives \$8 per person, Nebraska and Colorado give \$7. This is regardless of amount of income.

Massachusetts limits credits to those with incomes below \$5,000 and gives a maximum of \$8 per dependent.

Before other states try a negative income plan, tax specialist Bennion has this advice to offer:

"Remember, you can't handle poverty with a negative income tax.

"But if a state insists on trying, it should start with a vast educational program to tell the people what is expected of them and what they can expect. Keep the plan free of politics and avoid using payouts as a vote getter.

"And consider well the highly attractive alternative of exempting food and drugs from sales taxes as a way of getting a little more money into the hands of the poor people who, after all, do have to eat and who do get sick."

END

White Collar Pay Jumps Again

Exclusive survey shows average salaries in 20 job categories

The average weekly salary for clerical and stenographic work in offices in this country is now \$100.

This is an increase of \$5 over last year's \$95 average weekly pay, or, says the Administrative Management Society, a gain of 5.2 per cent. Last year's figure was 4.4 per cent above that of the year before.

The average covers 13 kinds of jobs, from mail clerk to private secretary, as checked by the AMS in its twenty-third annual white collar salary survey.

The survey also shows that office workers in seven types of data processing jobs now earn an average of \$137 a week in the United States, an \$8 (6.2 per cent) gain over last year. In the 1968-69 survey the increase over the year before was 4.8 per cent.

There is a white collar trend toward more paid holidays, as well as toward higher salaries.

One third of the U. S. firms surveyed report they give nine or more paid holidays; 22 per cent give eight; 18 per cent give seven, 19 per cent give six and 6 per cent give less than six. (There was no report on holidays from 2 per cent.)

As for the length of the work week, there is little or no change.

40-hour week is basic

Three out of 10 U. S. firms report that their office help works less than 40 hours weekly. But 40 hours is the basic work week in 68 per cent of the firms

reporting. Only 2 per cent have a longer week.

In the Eastern United States, however, nearly half the companies surveyed say their office employees work less than 40 hours.

The AMS annual survey is based on reports from more than 7,500 business firms in some 135 U. S. and Canadian cities. They have more than 620,000 clerical and data processing employees on their payrolls.

The survey is published at this time exclusively in NATION'S BUSINESS.

Many white collar workers, of course, make less than the average salary, just as some make more. Pay varies considerably from region to region, and even from city to city.

Average pay for an executive's secretary, for example, ranges from \$6,292 yearly in the Southern United States to \$6,968 in the West.

Junior key punch operators earn an average of \$4,420 in the South, and \$5,356 in the West. Salaries are highest in the West for all 20 white collar jobs covered by the survey.

Canadian white collar workers make less than their American counterparts—an average \$82 weekly (Canadian funds) for clerical and stenographic jobs and \$114 for the data processing jobs covered. But they have shorter hours (less than 40 a week at eight out of 10 Canadian firms) and more holidays.

Seventy per cent of the Canadian firms reporting give nine or 10 holidays

a year to their office workers; 97 per cent give at least eight.

The AMS white collar salary survey is the broadest and most authoritative of its kind.

Some comparisons are tricky

However, the society cautions that judgment is required in interpreting and evaluating jobs and salaries reported in the survey and making comparisons with individual firms.

The job descriptions AMS uses, for example, are wide enough to take in a good sample of employees with like duties. They may or may not jibe exactly with the duties of employees in your office or organization.

Other factors that must be considered are company location, availability of applicants, working conditions and fringe benefits. White collar workers usually do not move from city to city for better pay. Employers normally compete for this kind of worker only with other firms in their immediate area.

The AMS 1969-70 "Office Salaries Directory for United States and Canada" (\$24.50) gives a more detailed, city by city breakdown, into quartile rates for each position. It is available from the Administrative Management Society, Willow Grove, Pa.

On the facing page is a summary of regional average pay scales for the 13 clerical-secretarial and seven data processing positions covered in the survey, plus job descriptions of each.

INTERNATIONAL AND REGIONAL AVERAGE WEEKLY SALARIES 1969	Mail Clerk—File Clerk	General Clerk—B	General Clerk—A	Accounting Clerk—B	Accounting Clerk—A	Bookkeeping Machine Operator	Offset Duplicating Machine Operator	Telephone Switchboard Operator	Typist—Clerk	Stenographer—B	Stenographer—A	Secretary—B	Secretary—A	Key Punch Operator—B	Key Punch Operator—A	Tabulating Machine Operator (intermediate)	Computer Operator (intermediate)	Programmer—B	Programmer—A	Systems Analyst (intermediate)
TOTAL U.S.	79	88	105	98	122	92	102	94	86	92	104	111	129	90	99	113	123	154	184	196
EASTERN U.S.	79	90	107	98	121	94	102	94	85	90	102	112	133	89	98	112	123	157	186	196
E. CENTRAL U.S.	78	87	105	101	121	95	104	96	86	95	105	114	131	90	104	115	126	151	184	194
W. CENTRAL U.S.	76	84	101	93	119	89	98	89	84	89	98	104	122	86	94	108	119	154	180	197
SOUTHERN U.S.	76	85	102	94	121	87	96	89	82	91	102	104	121	85	95	105	119	146	179	191
WESTERN U.S.	86	98	112	106	129	96	112	102	94	103	114	121	134	103	110	126	132	163	194	207
CANADA	61	68	97	80	110	74	77	73	68	72	86	92	107	73	83	91	109	130	155	159

Job Titles and Descriptions

Mail clerk—file clerk: Circulates office mail, delivers messages and supplies. May process incoming or outgoing mail and operate related machines and perform other routine duties.

Keeps correspondence, cards, invoices, receipts or other classified or indexed records filed systematically according to an established system. Locates and removes material upon request and keeps records of its disposition. May perform other clerical duties which are related.

General clerk B: Performs clerical duties in accordance with established procedures requiring judgment in the selection and interpretation of data. Job requires a moderate amount of prior experience and considerable supervision.

General clerk A: Performs complex and responsible clerical duties requiring independent analysis, exercise of judgment and a detailed knowledge of department or company policies and procedures related to work performed. Minimum supervision required.

Accounting clerk B: Checks, verifies and posts journal vouchers, accounts payable vouchers or other simple accounting data of a recurring or standardized nature, reconciles bank accounts, etc.

Accounting clerk A: Keeps a complete set of accounting records in a small office with or without the use of an accounting machine, or handles one phase of accounting in a larger unit which requires the accounting training needed to determine proper accounting entries, prepare accounting reports, analyze accounting records to determine causes of results shown, etc. May direct work of junior clerks or bookkeepers. (However, excludes supervisors and persons at policy-making levels.)

Bookkeeping machine operator: Operates a bookkeeping machine to record business transactions of a recurring and standardized nature, where proper posting has been indicated or is readily identifiable. May balance to control figures.

Offset duplicating machine operator: Sets up and operates offset-type duplicating machines. Cleans and adjusts equipment but does not make repairs. May prepare own plates and operate auxiliary equipment, and may keep records of kind and amount of work done.

Telephone switchboard operator: Operates a single or multiple position PBX telephone switchboard. May keep records of calls and toll charges, and may operate a paging system and perform duties of receptionist.

Typist-clerk: Types letters, reports, tabulations, and other material in which setups and terms are generally clear and follow a standard pattern. Performs clerical duties of moderate difficulty. May prepare stencils or offset masters.

Stenographer B: Transcribes from dictating equipment, or records and transcribes shorthand dictation involving a normal range of business vocabulary. May perform copy typing or clerical work of moderate difficulty incidental to primary stenographic duties. May operate as a member of a centralized stenographic service.

Stenographer A: Performs advanced stenographic duties which require experience and exercise of judgment. Transcribes from dictating equipment, or records and transcribes dictation of more than average difficulty which regularly includes technical or specialized vocabulary or frequently supplements transcription with the drafting of finished work from indicated sources, records, general instructions, etc.

Secretary B: Performs secretarial duties for a member of middle management. General requirements are the same as for Secretary A (listed next), but limited to the area of responsibility of the principal.

Secretary A: Performs the complete secretarial job for a high level executive or a person responsible for a major functional or geographic operation. Does

work of a confidential nature and relieves principal of designated administrative details. Requires initiative, judgment, knowledge of company practices, policy and organization.

Key punch operator B: Operates an alphabetical or numerical key punch machine to record pre-coded or readily usable data following generally standardized procedures. May verify the work of others, using a verifying machine.

Key punch operator A: Operates an alphabetical or numerical key punch machine or verifier to record or verify complex or uncoded data working from source material which may not be arranged for key punching. Selects appropriate number and kinds of cards. Follows a pattern of operations generally standardized but frequently including rules, exceptions and special instructions which demand operator's close attention. Frequently required to decipher illegible source documents and be able to assist in preparing new ones.

Tabulating machine operator—intermediate: Sets up, operates and wires a variety of punched card equipment, including tabulators and multipliers. Wires boards from diagrams prepared by others for routine jobs, uses prewired boards on complex or repetitive jobs. May locate and correct job difficulties and assist in training less experienced operators.

This work is performed under specific instructions and may include some wiring from diagrams. The work may involve tabulation of a repetitive accounting exercise, a small tabulating study, or parts of a longer and more complex report.

Computer operator—intermediate: Operates computers utilizing established programs or programs under development. Selects proper tape, loads computer and manipulates control switches on console in accordance with established instructions. Observes lights on console, storage devices, etc., reporting any deviations from standards. Detects nature of errors or equipment failure and makes normal console adjustments. Maintains operating records such as machine performance and production reports.

Programmer B: Assists in the review of analysis of the preparation of the program instructions under direct supervision. Fairly competent to work on several phases of programming with only general direction but still requires some instruction for other phases. May prepare on his own the block diagrams and machine logic flow charts. Codes program instructions and prepares test data, testing and debugging programs. May also assist in the documentation of all procedures used through the system. Experience of trainee required for entry to this position classification.

Programmer A: With general supervision, analyzes and defines programs for electronic data processing equipment. Is generally competent in most phases of programming to work on his own, and only requires general guidance for the balance of the activities. Conducts analyses of sufficient detail of all defined systems specifications and develops all levels of block diagrams and machine logic flow charts, codes, prepares test data, tests and debugs programs. Revises and refines programs as required and documents all procedures used throughout the computer program when it is formally established. Evaluates and modifies existing programs to take into account changes in systems requirements. May give technical assistance to lower level classifications. Normally progresses from this classification to Senior or Lead Programmer.

Systems analyst—intermediate: Under close supervision, assists in devising computer system specifications and record layouts. Is qualified to work on several phases of systems analysis, but requires guidance and direction for other phases. Conducts studies and analyses of existing office procedures and prepares systems flow charts for existing and proposed operations. Under instruction prepares computer block diagram and may assist in the preparation of machine logic flow charting.



Is Patriotism Dying?

American patriotism, aged 193 this month, is dying, some people say.

Its terminal illness, they think, may have started at some point in the process of citizens losing their roots as society changed and they moved restlessly from city to city, the placidity of rural America farther and farther behind them.

"Much of idealism has its source in the relation between a man and the place he thinks of as home," observes writer Wendell Berry. "The patriotism, say, that grows out of a concern for a particular place in which one expects to live one's life is a more exacting notion than that which grows out of a concern for a nation."

Others feel patriotism's illness stems from different causes. Publicity centers on a small minority of radicals who in violent action and word hold American society in contempt. People show a vast tolerance for those radicals, and a taste for whipping themselves with self-criticism.

"Never before has a generation so wallowed in collective guilt," testifies Mrs. C. Girard Davidson, a Portland, Oregon, housewife, before a Congressional committee investigating youth unrest.

"The world may long remember . . . our generation as the last of the educated mind and the educated heart, so sensitive in understanding, so wretched over failures, so permissive with everyone who wanted to do his own thing that we let civilization go

to hell without any curiosity about what would replace it."

When Mrs. Davidson speaks of those who see a national guilt, she might be speaking of Harvard's Nobel Prize-winning biologist George Wald, who finds America committed war crimes by saturation bombing of cities in Hitler's Germany and atom bombing of Hiroshima and Nagasaki. Says Wald: "Our national symbols have gone sour. How many of you can sing about 'the rocket's red glare, the bombs bursting in air' without thinking, those are our bombs and our rockets bursting over South Vietnamese villages?"

Yes, patriotism is "very much imperiled," and with it the nation, according to Malcolm Moos, president of the University of Minnesota. For Mr. Moos, while condemning the superpatriot who may far with a Red brush everyone who disagrees with him, finds a "society cannot continue to exist" without the "cohesive unity and institutional loyalty" that patriotism represents.

As President Nixon remarked last month, "Patriotism is considered by some to be a backward fetish of the uneducated and the unsophisticated."

And yet, how great is the danger of patriotism's death, really?

For every young man who violently challenges the war, dozens serve in it—most, perhaps, feeling that it is just, but some feeling that duty to country supersedes their doubts about it.

Author Lewis Feuer, whose "The Conflict of Generations" says anti-Americanism is a recognized article of faith for radicals of the left, documents how those radicals have been rejected overwhelmingly by majorities of groups with which they have sought alliance: Negroes, the poor, blue collar workers, even students.

He says he sees a growing reaction—both by students and by the adult society—against radicals bent on destroying national symbols.

And Rebecca West, the noted British author, who attributes current assaults on patriotism to a certain "sloppiness among intellectuals in mistaking patriotism for imperialism," tells NATION'S BUSINESS:

"I think the majority of your people are outside the argument and are behaving quite sanely. There are thousands in your universities, millions in your country who . . . love their

country. The civilized way of behaving hardly rates a headline."

This is true. Consider:

- In the small, hard-to-read type of a Congressional committee report are listed men and women who chose to leave their estates to the United States with comments saying they were doing so in tribute to "this beloved country" or "in appreciation of the freedom and liberty afforded to all citizens."

- Sales of the flag are rising.

- The first American Negro general to command American infantry in combat returns from Viet Nam with unselfconscious tribute to the American dream: "This has been my one big chance to make it come true. I did my best."

- Comedian Red Skelton delivers a strongly moving Pledge of Allegiance, giving a simple definition of each term in it. His television network, CBS, is swamped by 400,000 requests for copies. Columbia Records makes 300,000 recordings.

"This response is gratifying proof that good, old-fashioned patriotism is far from being dead or passé," says Rep. Edward A. Garmatz (D.-Md.).

Millions will agree. For few really doubt the devotion of the overwhelming majority of Americans to their country. Few impugn the patriotism of those who have honest doubts on the war in Viet Nam, on the proposed antiballistic missile system or on dozens of other issues facing the republic.

These are only issues, and in the nation's history there have been hundreds that have raised emotions, unleashed protest and oratory.

The feelings that made a small handful create a nation that is the envy of the world have been nourished for nearly two centuries. They still exist. END

WHAT DO YOU KNOW ABOUT YOUR FLAG?

1. What are the words of the "Pledge of Allegiance" to the flag?
2. What do the flag's colors mean?
3. How is it displayed at meetings?
4. How may it be used as a decoration?
5. How should you dispose of an old flag?

(Answers on page 54)

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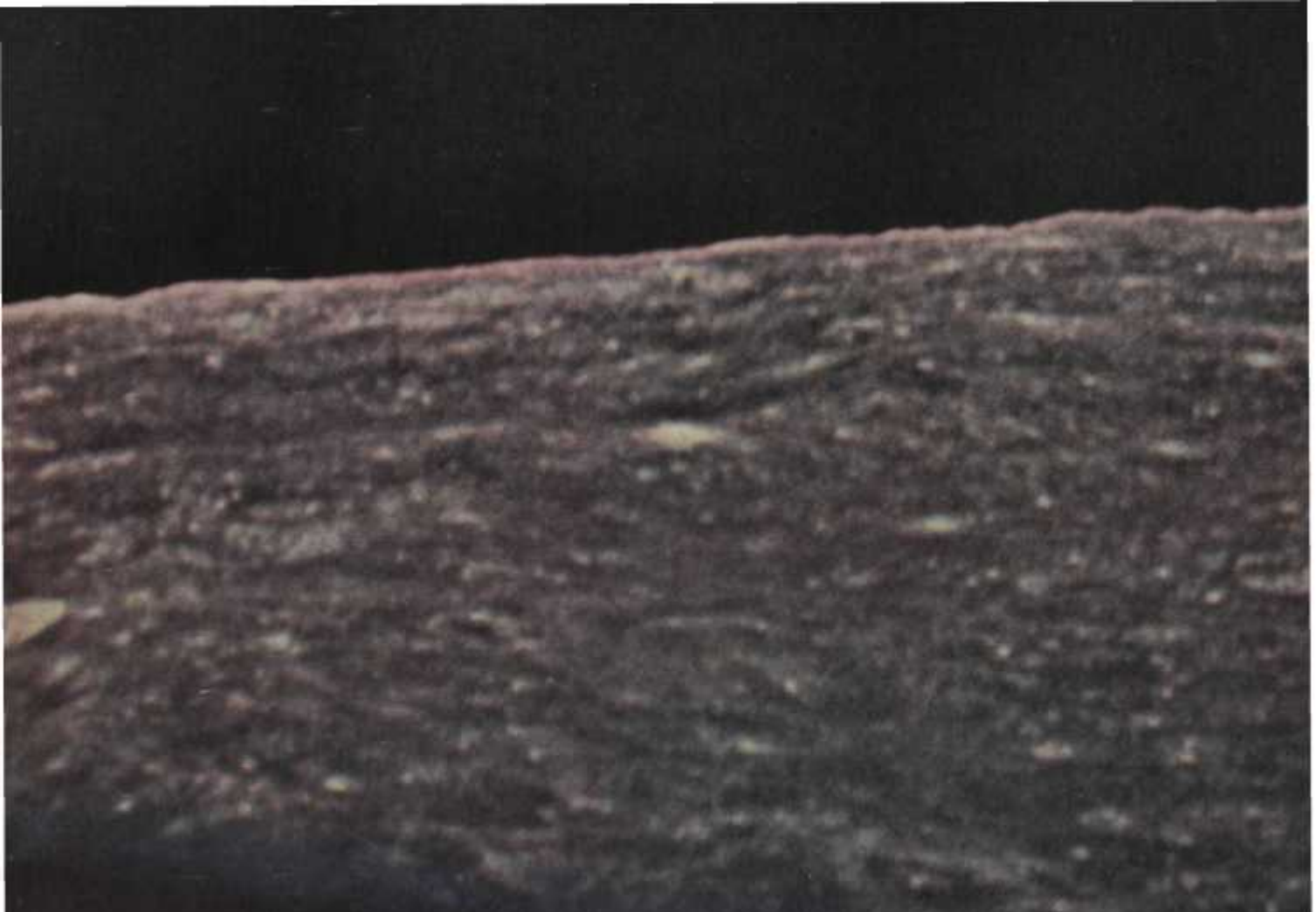


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The changing communications picture

We will not be alone in our innovation. A lot of fine companies make equipment used in information handling. As we look to the future, we think the better the entire communi-



cations industry does, the better we'll do. The more information-handling devices that are developed, the greater the need for connecting many of them through our nationwide switching system.

We are therefore continually developing, building, and updating our network. The expanding size of the job is one of the reasons why we are so confident about our future. But there are many other reasons:

We have a good lead in electronic innovation, such as integrated circuits and digital transmission.

We have the largest number of Ph.D.'s in science of any private business in the world—over 1,400. Their median age is 35. Work-

ing with them are thousands of other technically trained college graduates.

Altogether we have 34,000 young management people, highly trained and motivated, who have joined the Bell System in the past 10 years—assurance of continuing management vigor.

We have a team of Bell Labs for research and development, Western Electric for manufacturing and supply, and Operating Telephone Companies for service. This assures a quick flow from invention to use at lowest possible costs.

We have developed the best communications-switching system in the world—and we're skilled enough and big enough to make sure it stays

the best and continues to set the standard for the rest of the world. Ours is a profit-incentive business with a great future.

All of this may sound brash. But we're really not over-confident. Just confident.

We are a leader, and we'll keep our lead. We know where we want to go. We're planning and doing what has to be done to get there.





LESSONS
OF
LEADERSHIP
PART I

Robert C. Kirkwood of Woolworth

Variety Spices His Life

He was 18, and brimming with enthusiasm, when he went to work at a Woolworth variety store in Provo, Utah.

After three months as a trainee, he had shown so much promise that he was offered a promotion and transfer to a bigger Woolworth's in Salt Lake City.

Elated at the news, he and his childhood sweetheart decided they could now afford to marry.

His boss urged caution.

"You've hardly been with Woolworth long enough to know if you like the work," he said.

"I do like it," was the answer. "And I'll send you an invitation to the wedding."

After 46 years, Robert C. Kirkwood still likes the work.

Today he is chairman and chief executive officer of the F. W. Woolworth Co., the world's largest variety chain, which began in Lancaster, Pa., as the Great Five Cent Store of Frank Winfield Woolworth.

Mr. Woolworth, a merchandising genius, built his first store into a multimil-

lion-dollar chain before he died in 1919.

Mr. Kirkwood has continued that tradition of growth.

Under his leadership, Woolworth has been transformed into a diversified, mass merchandiser whose shelves and racks carry more than 50,000 items—from garden supplies to girdles.

Last year, sales in its 3,224 stores, including Woolworth, Woolco and Kinney Shoe, totaled nearly \$2 billion.

In an interview with a NATION'S BUSINESS editor, Mr. Kirkwood gives some insights into how the small-town boy from Provo became one of today's merchant princes.

Woolworth now sells \$99 diamond rings, mynah birds, and caviar in a number of its stores. Does that mean the five and dime store is gone?

The variety store as we knew it many years ago is certainly not in existence in the Woolworth Co.

We're now in competition with anyone who sells retail in the general merchandise field. We sell paint, shoes, ladies' ready-to-wear, children's wear,

radios, television sets, carpeting, sporting goods.

We sell almost anything.

When did this change come about?

Right after World War II.

What were the reasons?

Several. First was the changing retail scene, beginning with the supermarket.

These stores began to enlarge not only to take care of a wider range of foods, but also nonfood items.

The so-called corner drug store became a large enterprise that included in its merchandise many of the notion items and toilet articles that had once been the domain of the variety store.

We were forced to change because of a combination of new competitors and new opportunities, which opened up at the same time.

As merchants it was clearly evident to us that we had to keep up-to-date. Discount stores later became a factor.

Was the transition a painful one?

No, but it has certainly caused all of

Robert C. Kirkwood: Variety Spices His Life *continued*

us to use our very best talents in the retailing field to keep abreast of the changes.

What were some of the toughest problems you encountered?

I think the toughest job the company faced was to communicate to the general public our progress in the development of larger stores, completely new lines of merchandise, new services, operating under a new image. You see, prior to the change we were not advertisers.

When did you become president of Woolworth?

In 1958. President and chief executive officer.

How much business was Woolworth doing then?

Sales in 1957 were \$824 million.

Have sales increased since?

They've more than doubled. In the next three years our sales should exceed the \$3 billion mark. Our sales increase for 1968 was \$238 million, which was more than Woolworth's total sales when I joined the company in 1923.

What has made Woolworth grow so fast in the last 10 years?

Our new approach to store size, new ranges of merchandise, our new program of acquiring companies that fit into our scheme of things, together with the expansion of Woolworth on the international scene.

We opened more than 200 large, new stores, with 45,000 to 70,000 square feet of shopping space, in regional shopping centers. They're junior department stores.

We initiated the Woolco division, now a network of more than 100 full-line, promotional department stores, and we like to identify them as a new fashion in modern merchandising. They have proved highly successful.

We closed some older, unprofitable variety stores, and expanded others to handle a wider range of merchandise.

We added an active department for acquisitions. We expanded our food

service. We now have more than 28 new Harvest House cafeterias. We prepare and sell more food consumed on the premises than any other company in the world—at lunch counters in our stores, at cafeterias in or near large shopping centers, and at several different types of restaurants.

How do you go about selecting a site for a Woolworth store?

We look for traffic centers, or points that will become traffic centers, in urban areas and regional shopping centers.

We continue to do a terrific job in our neighborhood stores in the metropolitan areas. But certainly the great growth beyond the urban areas is going to be in large regional centers. We want to be in every one of them.

What is a large regional center?

It's a center that will be the largest shopping area beyond the urban shopping district. They may range in size from 500,000 square feet to more than a million square feet of retail space.

There are regional shopping centers in King of Prussia, Pa., and at Tyson's Corner in Northern Virginia, to name two. The Ala Moana Center in Honolulu is another, one of the largest in the world.

What are some of the major acquisitions you made?

The G. R. Kinney Co., shoe manufacturer and retailer, was the first acquisition made by the Woolworth Co. Since that acquisition Kinney has expanded its operations into Canada and its volume is more than double what it was at the time of acquisition.

We recently completed acquisition of the Richman Brothers Clothing Co. It has 280 retail stores and also manufactures much of the merchandise it sells—mainly slacks, suits and coats.

Was Woolworth your first job?

No. When I was in high school, in Provo, Utah, I worked every afternoon and evening, all day Saturday and Sunday, in Thornton's, a drug store my uncle managed. I took care of the

soda fountain, and sold drug sundries.

Could you make a good banana split?

I certainly could, and still can.

When did you go to work for Woolworth?

In September, 1923.

How did this come about? Were you dissatisfied with your job?

No, not at all. There was a Woolworth store in Provo, and my sister, Grace, was in charge of the candy department there.

The regional office had transferred the assistant manager away from the store, and they had asked the manager, James Norfleet, to provide his own assistant.

He asked the girls in the store if they could recommend someone. My sister recommended that he come visit me, which he did that evening in the drug store.

He explained to me how the Woolworth Co. functioned and what its opportunities for young men were.

The most important thing he said to me was that once you became a manager you were on an incentive contract. If you made money for the company, you made it for yourself.

I decided right then that I would like to join this company in its training program. So I gave my uncle two weeks' notice.

How much were you making in the drug store?

\$40 a month.

Was it a financial sacrifice for you to join Woolworth?

No. I started with Woolworth at \$72 a month. Approximately 16 months later, I was a store manager.

Wasn't this quite an achievement?

Yes, it was, because we had assistants in those days who had been in the company for four years who had not yet received their store.

You must have done something right. What was it?

I think the experience I had in retail-

ing before I came with the Woolworth Co. was very beneficial to me. Then events made it possible for me to become No. 1 assistant in the Salt Lake City store about eight months after I joined the company.

This was a larger store, and quite a large responsibility. Apparently I handled the work satisfactorily, and I was offered a store of my own in Denver, Colo. I got it in February, 1925.

What did you do as an assistant manager to compile a record and reputation of your own?

I had certain departments I was responsible for during my training period. The results of these departments spoke for the kind of job I was doing.

Besides that, until I became first assistant, I was in charge of groups of girls around the store. I was able to get their cooperation in the work I outlined for them and this was very helpful to me. It is very important in

store management to get people to work with you, instead of for you.

Is this easy to do?

Well, I think some people find it easier than others do.

If a man has a negative personality he finds it most difficult to get people to work with him.

Since you evidently can do it, how do you do it?

That is a rather difficult question to answer, except to say, act natural.

In other words, this comes to me naturally. I have a great deal of imagination, and some drive.

I am interested in having those who are associated with me give their very best.

How do you get the best out of a man?

Recognizing his ability, first. Then working with him to encourage that

ability to be used to its fullest extent.

Can you give us an example from your own personal experience?

I have always felt it was better to make a man than to break him. If a man under my supervision had promise and was not giving his all, I felt it was my responsibility to get that all out of him.

For example, I once had a man under my supervision who was completely dedicated to the business, had handled each of his responsibilities up to that time with very good success. However, his new position called for a broader responsibility in the supervision of a greater number of people. With each succeeding month he found this becoming more difficult.

The easiest thing would have been to relieve this man of his responsibilities entirely. However, because of other qualities which he possessed that were outstanding, I was able to recommend



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Robert C. Kirkwood: Variety Spices His Life *continued*

that he be placed in an equally responsible position where his best talents could be used profitably for the company. Time has proved this right.

How do you select and develop young people who will be top Woolworth executives, say, 20 years from now?

Well, we annually visit approximately 350 U. S. colleges and universities to recruit people for our management training program.

We have 2,700 young people enrolled in specific management training programs.

Have you been recruiting at colleges for a long time?

No. Only since 1957, when we re-established a personnel department in this office and set up complete training programs for all of our people, including sales clerks, supervisors, everyone.

How many trainees stay with you?

Our attrition rate for all trainees is 19 per cent. When we started this program it was 42 per cent.

Our attrition rate among college recruits is excellent. It's only about 6 per cent.

What kind of college students do you look for?

We look for young people taking courses in management or liberal arts. During the interview we attempt to learn whether or not the student is especially interested in working with people and has a personality that will fit into the responsibilities that go with retail management. If the student has those two qualities, the next one to look for in the early training period is a grasp of merchandising techniques with an understanding of the needs for sales and profits.

How long does it take to tell if they have these skills?

About six months.

Do you think businessmen can do more in the social-economic field?

We certainly do. Woolworth is not a

Johnny-come-lately in this field. We have been interested in the ethnic groups all along.

We have always had a policy of non-discrimination in hiring and training of our people. We have a strong recruiting and training program for minority groups and are proud to say that we have Negro, Puerto Rican, Cuban, Chinese and Japanese managers throughout our company. Appointments of these people to these positions began many, many years ago.

We recognized it would be a good thing for the Negro community in Harlem to own a piece of business property in that area.

We arranged for the Harlem Freedom Association to buy our present Harlem store property and our new addition which adjoins it. We are building a new \$2 million Woolworth store there. We have taken a lease-back on that property.

Is this the first instance in which you have been involved in a sale and lease-back transaction in the black community?

Yes.

If it's a success, do you intend to try it elsewhere?

We know it will be a success and we will try it elsewhere. We hope others will try a similar approach.

What can business do to see that the customer gets the best break possible?

I won't speak for all businesses, but I will speak for the Woolworth Co.

This company has always recognized the need for offering the public first quality merchandise at the best possible price and with good service.

In so doing, we have acquired a clientele that exceeds 12 million customers a week on the North American continent.

Do you have any hobbies?

Yes. I like to spend all the leisure time I have in fishing, hunting, golfing, swimming, gardening. In fact, Mrs. Kirkwood and I like to spend as much

time in the outdoors as possible. We enjoy most outdoor sports.

Do you go home with a briefcase full of stuff to read?

Occasionally.

What advice would you give a young executive who is starting out on his business career today?

If he wants to become successful, I would suggest he consider dedicating himself to whatever he is doing.

What does that involve?

It involves having his business come first.

What qualities do you feel would be most important for his success in retailing?

As I've indicated before, it's essential that anyone who is going to be a manager, at any level in the retail business, learn to get along with people, and to get the most out of people.

Imagination is a must, too. I feel for the man or woman who does not have imagination and is in the retail business. Lack of it must cause such a person tremendous concern.

Then there is one thing I would like to add that I have found terribly important.

I was married when I was a trainee in the business.

Fortunately, I married the right person, for she has been a tremendous help to me—accepting in good spirit all the transfers and moves I have been asked to make over the years.

An understanding wife is probably the greatest asset a man can have. I would think that a wife who was not understanding could pretty well break a man down.

END

REPRINTS of "Lessons of Leadership: Part I—Robert C. Kirkwood of Woolworth" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance.



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For imagination in communication, look to



Man and the Computer



PHOTO: LEO CAPLIN — BLACK STAR

John Diebold, president of The Diebold Group, an international management consulting firm, is one of the world's leading authorities on computer technology and its impact on business and society.

The "technological revolution's" impact may be greater than the Industrial Revolution's, bringing exciting challenges for managers

The new movement in science and technology, centered on new and rapidly expanding information processing and communications capabilities, is often described as a "revolution." This word is much over-used. There seems to be a political revolution somewhere in the world at least once a month; and every time a new playpen is put on the market, the manufacturer announces it as revolutionary.

A sign seen recently in a bakery said: "Revolutionary new old-fashioned donuts!"

But when the past two or three decades of scientific and technological discovery are called a "revolution," I believe the word is used in the same sense as when the phrase Industrial Revolution is applied to the great upheaval based on technical advance that started two centuries ago. That revolution brought about significant social, political and economic changes, which is what the latest scientific and technological discoveries are doing now.

The Industrial Revolution was called a "revolution" because it created a new environment for mankind, a new way of life. What it gave to history was much more than the steam engine and the cotton gin, the railway and the power loom: It gave society a new tempo, a new outlook.

It took men off the fields and out of small shops and, for the first time, put them into factory life. Hence it gave us mass production and, through mass production, the first civilization in history in which luxury was not confined to a few.

It gave us as well a sense of hurry, of time, that is still unknown in countries that have not gone through an industrial revolution. It gave us a sense of material progress, an itch to get ahead that is also unknown in the parts of the world that are still pre-industrial.

In other words, the machines the In-

dustrial Revolution produced were agents for enormous social change. No one, least of all Richard Arkwright or James Watt, thought that he was changing civilization itself. Yet, for us, looking back, that is precisely what was revolutionary about the inventions they made.

The current technological revolution promises to have far wider effects than the merely technological. Like James Watt and Richard Arkwright, many of our present-day inventors have no intention of reshaping our entire world. Yet that is what they are doing. Today, we are dealing with machines that can change society much more rapidly and profoundly than the machines that accompanied the Industrial Revolution of the late Eighteenth and Nineteenth Centuries because they deal with the stuff of which society is made—information and its communication.

The rate and pattern of change

The technological advances that sparked the current revolution were the result of military research at the end of World War II, but advances continued at an accelerating rate through the succeeding years and have sustained the original inspiration in what appears to be an endless succession of inventions. Half of the scientific research conducted in United States since the republic was founded has been crowded into the last eight years; 90 per cent of all the scientists who have ever lived in the history of mankind are alive today.

The amount of scientific literature published in the United States over the past three centuries has increased by a factor of about 10 every 50 years. From one journal in the 1660's, it increased to 10 by 1750, to 100 by 1800, to 1,000 by 1850, to 10,000 by 1900. We are passing the 100,000 mark now.

The obsolescence rate of the most advanced information is such that within 10 years about one half of the really important knowledge an individual in these fields has acquired is outdated. Thus, while the amount of information

produced and the number of those needing it doubles every 10 years, the demand for this information rises even more quickly.

A striking aspect of this problem was given recently by a vice president of one of our nation's three largest banks. Addressing a group of about 30 top executives of his bank, he stated that the obsolescence factor in the knowledge of his computer systems people already is so high that he has great qualms about introducing the latest technologies. He put the useful life of the knowledge of his technological staff at three years.

Research has unprecedented financial support. At the beginning of 1940, a total of \$280 million a year was being spent in the United States on all research and development. Now the figure is \$25 billion, and by 1975 the rate may well be in the neighborhood of \$40 billion annually. Thus, an increase from \$280 million to \$40 billion in 35 years is projected, and there is no sign that the rate of innovation and invention will diminish. Each new invention brings with it a revision of our estimates of the future.

It is possible to identify the crucial elements in this innovative process and to apprehend the underlying pattern that determines its impact on the rate of change.

Uses of the computer

At the heart of the current scientific and technological revolution is the newly found ability to build information systems. Late in the 1940's, credence was given to the forecast that a dozen high speed computers would be able to handle all the calculations required in the United States. Today, more than 50,000 computers are installed in this country, and by 1972 the figure is expected to exceed 100,000.

The computer industry is rapidly changing. Up to 1945, when the first electronic computer was built, man's calculating speed for several thousand years had been the speed of the abacus. Overnight, it increased five times. From 1945 to 1951, it increased 100

This article is excerpted from John Diebold's new book, "Man and the Computer: Technology as an Agent of Social Change," to be published this month by Frederick A. Praeger, Inc., New York.

Man and the Computer *continued*

times again, and, from then until now, it has increased 1,000 times again.

Our measure of calculations today is nanoseconds—one billionth of a second. A nanosecond has the same relationship to a second that a second has to 30 years. This scale of speed is very hard to comprehend, but even this speed is too slow for the complex problems that computers are now being asked to solve. The distance that an electron has to move from one part of a circuit to another part has become a major limitation on the speed at which a computer works and a major challenge to the people designing computers.

One of the main reasons for producing smaller and smaller components is to get the pieces closer together so that the electrons will not have to go so far, since they travel at the relatively slow speed of somewhat less than 186,000 miles a second!

What has happened is simple to understand. Technological advance has become self-generating. To borrow a phrase from the economic terminology for developing countries, technology has reached the "take-off point."

No longer must technological progress wait on the next individual scientific discovery; technology itself is pushing research into new discoveries and new dimensions. Thus, the computer is throwing off whole new families of machines—process controls, translating machines, design computers, communications switching equipment, special purpose systems, and so forth—developed through calculations made possible by the computer itself.

"We completely lack a frame of reference that allows us to envisage the vast scale of change inherent in these developments..."

We completely lack a frame of reference that allows us to envisage the vast scale of change inherent in these developments in information technology and its widespread applications. Not only is man's productivity being increased, but our experience of life is being affected by the new machines.

Agents of social change

Today's machines are a far more powerful agent for social change than were those of the first Industrial Revolution. With these machines, we are building systems that translate (still crudely) from one language to another, respond to the human voice, devise their own routes to goals that are presented to them, and improve their performance as a result of encountering the environment—systems that "learn" in the sense in which the term is usually used.

These are machine systems that deal with the very core of human society—with information, its communication, and use. They represent developments that augur far more for mankind than just net changes in manpower, more or less employment, and new ways of doing old tasks.

The technological revolution is materially changing what the businessman does as well as how he does it. The immediate impact of automation usually consists in improving the methods by which work is done by the introduction of new machinery and new procedures. Less obvious, but just as fundamental, are the changes in what is done. The telephone company, for example, finds that machines rather than people are becoming the largest user of long lines.

New products and services create new demands. Altering economic and environmental conditions creates new needs to be filled and signifies a major change in the way of doing business.

The world of business is changing—the way managers manage and also what they manage.

When machines are in league with men, the soul of the alliance must be human, lest its ends become less than human. For practical purposes, even more important is the need for first-class human management of this league.

Management must use the technology and encourage its development to serve human purposes. Yet the more

sophisticated the technology becomes, the more difficult grows the task not only of utilizing it to the full but of directing it toward desirable ends—the satisfaction of real needs, the building

"When machines are in league with men, the soul of the alliance must be human, lest its ends become less than human."

of world peace, the preservation of individual rights, the conservation of natural resources, among the obvious ones.

This is a problem with far-reaching, international implications for management and managerial training. However, in order to get at the root of the opportunities and responsibilities of management education, we should start at home. We should do so because here is where the most rapid developments are taking place, and here is the base from which much of the global action starts.

An American stamp

In the United States, the giant corporation has reached its fullest growth, so far. The technologically based interaction between private enterprise and government has assumed the most fateful and subtle implications—ranging from development of nuclear weaponry and space probes to preservation of the natural environment and the protection of individual rights.

The process of innovation and its management bear a recognizable American stamp throughout the world. Actually, when one thinks of it, it is rather surprising that in all U. S. lists of national assets, in all U. S. recitals of reasons for U. S. leadership—from democracy to raw materials to American know-how—one seldom finds listed American managerial skill.

Yet it is this human, ephemeral, but



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Man and the Computer *continued*

real quality that is one of the greatest U. S. assets, for it allows Americans to turn the conditions of their land and times into a working asset, an asset of the most genuine meaning—not gold, though gold is important, not raw materials, though they are the stuff from which our world is made, but the genius through which the spirit of American enterprise is today reflected.

The more one sees of the world outside this country, the more deeply one can understand the thin but tough thread on which our leadership depends, and much of it is summed up in the understanding expressed by that simple word, management.

One of the great business developments of the Twentieth Century has been the emergence of management as a profession. With the growth in the scale of enterprise and increased sophistication of management, we have come to rely in the United States, and to an increasing extent abroad, on professional managers. This has been one of the great developments of our times and is responsible for far more of the condition of the world in which we live

than most of mankind understands. The manager has taken the products of science and turned them into the environment of everyman.

Need for entrepreneurs

In the process, though, something has been virtually lost. It is business. As enterprises have been increasing in scale, fewer and fewer of the managers have been at the same time businessmen.

The spirit of entrepreneurial flair—the peculiar characteristic that reflects the heart of enterprise and burns with varying degrees of intensity in the small businessman (who has more of it than many of us care to credit), as well as in the great creators of major industries—tends to be eliminated among the men who fit many of the other requirements that large-scale management systems impose.

As the routine tasks that have occupied the time of armies of managers and often have obscured the bright flame that burns at the heart of management are stripped away by information systems and the other tools of

ANSWERS TO FLAG QUIZ ON PAGE 40

1. "I pledge allegiance to the flag of the United States of America and to the republic for which it stands; one nation under God, indivisible, with liberty and justice for all."
2. Blue: justice; red: courage; white: purity.
3. If grouped with other flags, it should be in the center or at the highest point. If crossed on a wall, it is outside the other staff and on the observer's left. If flat on a wall, the union (blue background and stars) always is on top and on observer's left whether in a horizontal or vertical position. On speaker's platform, it should be above and behind the speaker, or on a staff to the speaker's right. If in the audience, it should be placed to the audience's right.
4. Never. Bunting should be used, with the white in the middle, the blue on top and the red on bottom.
5. Cut out the union, then burn both pieces.

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automation, there may well occur a re-focusing of attention on the function of the entrepreneur. If this happens, it will be a particularly great boon to all the country.

If we choose to develop the entrepreneurial flair and character of the individuals we also train for management, then we will make the greatest use of the most important parts of our national heritage.

The problem of preserving entrepreneurial flair in an environment of many large-scale enterprises is one of the most pressing and least considered questions in management education. The premium for a good answer keeps increasing.

The outcome

There is no final word on the future; the nature of the concept precludes it. Here, indicated by example, is how we have arrived at the threshold we are about to cross. This is not a book of prophecy. Perhaps, more than anything, it is an expression of the limited optimism that reason still permits us, many experiences to the contrary.

This neutral kind of confidence allows us to hope that science and technology ultimately will be put in the service of man, that their profound impact on the world will be beneficial. **END**

Big Companies Foot Big Bills for U. S.

Next time you're bemoaning how hard Washington wallops you with the income tax, you might think, in your misery, of your favorite company.

It, too, pays through the nose.

A checkup on the federal income taxes of 25 of the biggest and most profitable American corporations shows a total which by itself would more than finance a year's federal spending in such areas as the space program, agriculture, highways, education or public welfare assistance.

It comes close to the entire yearly cost of veterans' benefits and services. But big as it is, it obviously wouldn't cover such items as defense spending and interest on the public debt.

Figures aren't always readily available on particular firms' income taxes—Internal Revenue, of course, has such information but it's just as confidential as is information about any individual's tax return. However, NATION'S BUSINESS queried company after company on how much they had to cough up for 1967, and came up with a total of \$6.3 billion.

For the fiscal year starting July 1, 1967, the government spent \$4.7 billion on space research and technology, according to the White House. It put \$4.8 billion plus \$1.1 billion in loans into agriculture and "agricultural resources," \$4.3 billion into highways, \$5 billion into education programs and \$3.5 billion into public welfare assistance.

It spent \$6.7 billion and lent \$141 million for veterans' benefits and services.

On national defense, the price tag was \$80.5 billion. Interest on the debt came to \$13.7 billion. Total outlays: \$178 billion.

That \$6.3 billion figure for the 25 companies has to be based in small part on informed guesswork because a half-dozen lumped in foreign, state or local income taxes with their federal payments and were unwilling for competitive reasons to break the figures down.

"We're competitively sensitive," said a spokesman for one company. "We see no point in giving aid and comfort to other companies in our field."

Ups and downs

A few companies which might have been among the 25 were unwilling to give any income tax figures. And, of course, the total would change from year to year, depending on economic conditions, tax rates and how individual companies are doing.

Ford, for example, was not among the top 25 income taxpaying firms for 1967. It was the primary target of a two-month United Auto Workers strike that year, and it paid income taxes of only \$41.5 million.

If its '67 taxes were as much as they were the year before (\$539.6 million) or the year before that (\$595.6 million), it would have been near the top of the ladder, below American Telephone and Telegraph (\$1.663 billion) or General Motors (\$1.250 billion) and above International Business Machines (\$450 million).

AT&T, GM and IBM income taxes add up to \$3.363 billion, or more than the next 22 companies paid. Four paid between \$200 million and \$300 million and seven between \$100 million and \$200 million.

Billions from employees

The revenue Uncle Sam gets through big companies is hardly limited to the income tax, of course. There are excise

taxes, there are customs duties... and there are the income taxes paid by their employees.

How employees' income taxes compare to the \$6.3 billion paid by those 25 corporations is only a matter of conjecture.

One clue is the amount withheld from employees' pay—but it's no more than a clue, what with extra income, extra deductions, etc.

Though not all companies checked made withholding figures available, they total in the billions of dollars, easily. RCA Corp., which paid \$112.4 million in federal income tax itself, withheld \$142 million from its employees in 1967 for Uncle Sam. Westinghouse, which paid \$93.8 million, withheld \$148.8 million. In some cases, withholding totals were less than the companies' own taxes. Eastman Kodak paid \$273.5 million and withheld \$93.5 million of federal income taxes from its employees. General Foods paid \$89 million and withheld \$26 million.

It is from individuals, of course, that the bulk of the government's money comes. In fiscal year '68, they paid \$68.7 billion in income taxes, while corporations paid \$28.6 billion. And small companies, obviously, pay right along with the big ones.

But the big companies' role in financing the nation can hardly be minimized.

In 1965, for example, 315 corporations paid \$13 billion out of total corporate income taxes of \$27.3 billion, Internal Revenue figures show.

That's half again as much as what the Tax Foundation, Inc., says federal expenditures totaled in 1940, four times what they were in 1930, twice what they were in 1920, and almost 19 times what they were in 1910. END

Business Is Solving a City's Problems

BY HANS G. TANZLER JR.
Mayor of Jacksonville, Fla.

We are in the throes of a quiet revolution in government. If we achieve what we set out to do you may well see similar revolutions taking place in other cities around the country.

This all has to do with a single word—consolidation. When I took office as mayor of Jacksonville in June, 1967, I had 15 months to prepare to assume leadership of an entirely new city-county form of government. On the day of reckoning—Oct. 1, 1968—we completely abolished an antiquated city government and a rickety county government and replaced both with what we hope is an answer to a major urban crisis.

In one fell swoop this made Jacksonville the largest city in the Free World with 826 square miles of land area, and thrust us overnight into the national spotlight. Everybody is watching to see if it will work. We think it will. But it will require the continued dedication of all our citizens and the best efforts of those of us chosen to oversee this worthy experiment.

We have nowhere to go but up.

Why consolidation? Hardly a day goes by that I am not asked why we embarked on such a course and, more importantly, how we went about it. Obviously, the reasons go deeper than merely seeking the title of biggest city in the Free World.

The credit for taking this giant step must go to the business community of Jacksonville. More precisely, to the leadership and drive provided by our Chamber of Commerce.

Progress on the outside only

If you had visited Jacksonville in 1965 you would have envied what you saw. On both banks of the beautiful St. Johns River, which courses through the city, you could have admired a sweeping view of new buildings, a super modern system of expressways and an urban renewal program con-



Mayor Tanzler and City Hall map showing old city of Jacksonville and outlying Duval County. Consolidation has brought under one community umbrella . . .

PHOTO: CHRIS TOLSON—BLACK STAR



a system of modern, high-speed expressways . . .



as well as slums which contrast with . . .



beautiful suburban residential areas . . .



and a brand new jet-age airport.

verting a civic eyesore into architectural splendor.

All that was on the surface. What you would not have seen was a city in deep trouble. Jacksonville and Duval County were slowly being strangled, politically and economically.

Crime was soaring alarmingly. Over 75 per cent of all raw sewage was being dumped into the river. Fifty per cent of the sewer lines were beyond repair. The city police force was rocked by political scandals. The city's 15 senior high schools were being discredited for one reason or another.

Between 1950 and 1965 the city's population decreased six per cent while the cost of its government increased 300 per cent.

It was not surprising that people fled the city in droves. In this 15-year period the population of the unincorporated part of the county grew from 99,512 to 327,000 but the population in the city itself dropped from 204,517 to 198,000. And Duval County, its government still operating in Nineteenth Century fashion, simply was not prepared to handle the burden. If life was intolerable in the city it soon became equally intolerable in the suburbs.

In 1963 and 1964 Jacksonville made attempts to annex sections of the county. They failed. The people of the county wanted no part of a municipality that couldn't solve its own problems.

During the next two years it became apparent we were on the brink of chaos. All the conditions I mentioned earlier were fast coming to a head. The old expression "you can't fight City Hall" had a hollow ring. The people were ready to fight.

One important date in this unfolding drama was Jan. 19, 1965. On that day Claude Yates, then president of the Jacksonville Area Chamber of Commerce, called together 22 of the most

Business Is Solving a City's Problems

continued

influential leaders of Duval County to discuss what everybody then knew was a situation of crisis proportion. They agreed to take action.

On the back of a Chamber program they scribbled a statement of purpose which they all signed. It read:

"We the undersigned respectfully request the Duval County delegation to the Florida Legislature to prepare an enabling act calling for the citizens of Duval County to vote on the consolidation of government within Duval to secure more efficient and effective government under one governmental body."

So the die was cast. It was only a step but it was a big step forward.

The legislature in time acted favorably in our behalf and as part of the legislation it passed called for creation of a local government study commission with wide latitude to come up with a sound plan for consolidation.

A blue ribbon panel

Fifty leading civic and business leaders were appointed to this blue ribbon panel and it was headed by one of our most aggressive and dedicated businessmen, J. J. Daniel, president of the mortgage banking firm of Stockton, Whatley, Davin and Co. James B. Lumpkins, president of the State Bank of Jacksonville, was among those who played a leading role in formation of this group.

The Duval Act, as it became known, required local citizens to raise \$20,000 in order to receive matching amounts from both the city and county governments to set up a \$60,000 budget for the study commission. This was done quickly and, I might say, with virtually no difficulty. One of the commission's first acts was to divide itself into six task forces which could look into every facet of government and come up with recommendations. Here again, businessmen had an opportunity to apply business techniques in poring

over all of our problems and trying to come up with solutions.

During the next 15 months the commission held countless hearings and conducted interviews with numerous elected and appointed officials. We called in people from Tampa, Atlanta, Baton Rouge, Miami and Nashville, all of whom had experience in some form of consolidated government. It was in this period that an essential element was added to the story. The rank and file of the community became concerned. Without this massive community involvement I am not sure consolidation could have materialized.

But there were other elements, too, which came into play. The newspapers and television began turning up corruption in government. In a six-month period in 1965 and 1966 two grand juries indicted 11 public officials for bribery, theft and abuses in office. Fortunately, if that is the word, it was obvious to all that even if no new form of government emerged a thorough cleansing of City Hall was indeed in order. Finally, the commission wound up months of arduous work and came up with its recommendations: abolish the existing municipal and county governments and put in their place a single unified government.

The fight, of course, was far from won. We had the commission's "Blueprint for Improvement." To convert this government on paper into reality meant more months of hard work and intensive community support. We were determined not to lose momentum and, in the process, the interest of the people.

Massive sales campaign

No sooner had the commission dissolved itself than there was formed in its place a Citizens Committee for Better Government designed to plan and mount a massive campaign to sell consolidation to the people.

Thousands of citizens rallied to the



James B. Lumpkins

cause. They stuffed envelopes, conducted telephone campaigns, passed out literature and made speeches. Entire families participated. The people were clearly aroused.

There was hardly a major civic, business or professional organization which failed to take a stand, and almost all stood for consolidation. There were the Bar Association, PTA's, the Junior League, the Jaycees, the Rotary and Civitan clubs and many neighborhood groups, small businesses and large corporations—all helping in one way or another.

We hammered hard at all the shortcomings of the existing governmental structure—which was not responding to public need in either the city or county—and stressed the advantages of consolidation. Repeatedly, the question was posed: with most residents of Duval County living in one contiguous metropolitan area, what need was there for two police or fire departments, two tax assessors, two tax collectors, two boards of health or two of anything?

I would be less than honest if I did not say there were many detractors. Admittedly, there is resistance to change of this magnitude. Old traditions and old patterns are not easily shunted aside. Some people liked the old system of government, if for no other reason than that it was the only one they knew. For those who had long enjoyed political favoritism there was no stomach for upsetting the status quo.

We believe we have come up with a businessman's kind of government. It is designed along corporate lines in order to provide the greatest possible efficiency at the lowest possible cost.

The culmination of all our labors in

CONSOLIDATION



Claude Yates



J. J. Daniel

the cause of better government came on Aug. 8, 1967, when the voters went to the polls to render a decision on consolidation. The results: 54,493 in favor and 29,768 against. To those of us who had fought so hard, democracy was indeed the winner.

This meant the end of the old city council, city commission and county commission forms of government. In their place would go a single, county-wide government with a mayor and a 19-man council, a consolidated county-wide police force under supervision of an elected sheriff, a nonpartisan, non-paid elected school board and a consolidated, elected civil service board. The new charter also meant the imposition of ceilings on the property tax rate, about which I will say more, and an assurance that the new government would not charge for urban services until actually delivered.

When I took over as mayor in June, 1967—less than two months before the vote on consolidation—I made it clear I offered no promises. I simply expressed hope and optimism for a better city government. The keystone of my administration would be one of striving for integrity and excellence.

On Oct. 1 last year, consolidation became a reality and it was a day of historic significance in Jacksonville. On the occasion I said:

"Consolidation provides us the tools, the means with which to fulfill the promise and overcome the obstacles of our inheritance. I hope it is emphatically clear to every man, woman and child in this community that consolidation is not in and of itself a cure-all for all our problems.

"I see consolidation as the cornerstone of a community renaissance, but the true measure of its success will be

directly proportionate to what each of us, united together, puts forth in effort, participation and enthusiasm. We now have the vehicle to meet our challenges head-on."

Under terms of the consolidation charter we were required to reduce property taxes by nine mills. This was good news for the taxpayer but it meant a loss of \$6 million or \$7 million in revenues for the new government. In one of its last acts the outgoing city administration substantially and unrealistically upped salaries for certain city employees and that saddled us with an additional \$3 million for which there were no compensating revenues.

Years of neglect

Years and years of neglect have left us with a water and sewer system that can only be described charitably as ancient. Streets are collapsing as old sewers give way, and we cannot repair streets until the sewer system is shored up. So we have had to ask citizen support for a \$90 million bond issue to provide essential sewer services.

To make up for the loss in property taxes—over which we had no control—it became necessary to start charging a special fee to pick up garbage and we've had to more than double the \$2 monthly water charge and add a monthly sewer service charge simply to meet these basic needs.

All of this is not easy to explain to the individual citizen, and understandably so. As I have told the City Council we could cut back or discontinue services but that is not an alternative. Garbage must be picked up. There have to be street lights. We can't let up on pollution.

Despite all our problems I am convinced that in time, and with the

indulgence of a patient citizenry, we can bring to fruition the benefits that will flow from a streamlined, business-like government. I do see light at the end of the tunnel, although now it is only just flickering.

Part of the reason I believe we will succeed is the caliber of the 19 men and women on the City Council. Twelve are college graduates, making a professional governing body probably unmatched in the country. All four of the Negro members are in this category.

To provide the kind of government we are seeking means more than electing competent public officials. You must have the same degree of competence in appointed officials who handle the day-to-day affairs of government.

Wherever possible, of course, we have hired local people for these important functions. But we are not shy about going outside the city or the state to obtain the kind of talent we feel essential to make our new city government function smoothly.

We have gone to San Diego, for example, for a topnotch educator to run our schools and to Cleveland for the man to administer our Central Services Department. We hired the state of Florida's director of data processing to direct this function in Jacksonville.

Obviously, it requires money to attract people of this caliber but the investment is minor compared to the dividends. The savings effected by the data processing director alone have more than paid the salaries of these people I just mentioned.

I believe consolidation will work in Jacksonville. It may not work for everybody else. I challenge every community, however, to study its merits. It may be the answer to the future in many parts of the country. **END**



business: a look ahead

AGRICULTURE

Main development in agriculture over coming decades will be in marketing.

That's view of Farm Bureau and Agriculture Department researchers. There are two reasons: Marketing's been largely neglected, and expansion of corporate farming is bringing new thinking and resources to agriculture.

Historically, Agriculture Department, states and university agriculture departments have been production-minded, concerned with boosting crop yields and harvesting techniques. Marketing research has been a stepchild.

This ties in with attitude of farmers. USDA or university innovations have been put into practice fairly quickly by progressive-minded growers and shippers. But most play follow-the-leader—slowly.

Thinking now, though, is that more business-minded corporate farming brings to agriculture both innovative spirit and resources to gamble. So betting is that in future it won't take years to persuade shippers not to spend good money transporting carrot tops and cauliflower leaves around the country only to be thrown away in supermarket back rooms.

CONSTRUCTION

Increase in leisure time is expected to create a boom in land use and construction over next three decades.

Urban Land Institute foresees boom rivaling the one in commercial and industrial construction during first third of this century and residential, shopping center and office boom during second third.

Second homes are no longer limited to the rich; many families buy or rent vacation retreats as least expensive way to get

away from it all. And the four-day work week and four-week vacations enter into the equation.

Also, continuing increase in apartment construction and resultant density in everyday life is expected to add pressure on urban dwellers to seek open space.

Boom should include parks, resorts, golf courses, marinas and whole range of facilities from seaside homes to mountain cabins.

FOREIGN TRADE

U. S. business abroad is threatened with ill will stemming from controls on overseas investment.

This is little-noticed side effect of controls, normally debated in terms of short-range versus long-range effects on U. S. balance of trade.

Edward Littlejohn, official of Chas. Pfizer & Co., explained problem this way in warning to Congress:

"Our foreign affiliates are in effect foreign companies, employing foreign nationals, using foreign land and to some extent foreign capital, and they are often significant elements in the local economy."

These factors impose an obligation to

operate in business-like fashion, with decisions depending on the good of the specific business rather than over-all U. S. policy objectives.

Rising nationalism and foreigners' sense of being challenged by American management and technological skills are big problem. "It is hardly necessary to point out that this delicate situation is seriously aggravated by the U. S. direct investment controls," Mr. Littlejohn said.

He noted that "there could be no policy more calculated to threaten the climate for American investors abroad," and that some nations already have taken such actions as restricting loans to U. S. affiliates.

CREDIT AND FINANCE

Big lenders are looking for a piece of the action, and probably will continue to as long as inflation continues.

Tight money, of course, is hurting the residential construction industry. Money is still available for multi-family construction, but some lenders no longer are satisfied with conventional debt arrangements.

They are seeking debentures convertible to stock, or other equity arrangements along with loans.

This stems from the same inflationary in-

fluence as high interest rates. Lenders demand high interest in the knowledge that loaned dollars will be worth less when repaid.

And they look to share in the ownership of facilities constructed with their financing as a similar hedge against the dollar's erosion.

National Association of Home Builders has been hearing a lot of grumbling about this so-called "equity kicker," but some bankers say it's here to stay.

MANUFACTURING

Administration's efforts to rejigger manpower training are in line with much criticism of programs to combat social problems by government-industry partnership.

Business long has favored job training as worthwhile government program, but many businessmen have been appalled at fragmentation, overlap, duplication and seeming confusion in programs' operations.

At times enrollees are trained for non-

existent jobs, while no funds are available to train them for existing jobs. And a diagnosis of one city's problems as part of its application for government help said:

"Frustrated in attempts to obtain employment upon completion of training, many enrollees recycle into other programs, not so much to refine recently developed skills, but in addition, as a source of income; hence, 'career enrollees.'"

MARKETING

Sales executive sees vastly changed role for salesmen in 1970's.

Louis E. Sidman, vice president of Manpower-Salespower Inc., Chicago, sees salesmen acting in dual role, as marketing psychologists devising sales strategies and as management consultants advising customers.

He sees increasing reliance on operations research, use of simulation models for forecasting, more computerized market analysis, consumer panel testing, controlled

market tests and use of test retail outlets.

He joins others in forecasting that alternative promotional tools will come under more intensive scrutiny.

Mr. Sidman also sees more influence for salesmen in other company departments:

"The 1970's salesman . . . will probe needs of consumers, translate these needs into research and development specifications, analyze the prototype product, then follow with a practical marketing plan for selling it."

NATURAL RESOURCES

Soaring wood prices have big impact outside of construction industry, spur quest for substitutes.

Packaging is one example. Many agricultural products traditionally have been shipped in wooden crates and boxes. Now fruit growers among others are seeking new materials to cope with high cost of wood.

Outcome could be intensification of trend already under way over long pull. Item: Five years ago, 90 per cent of poultry was

shipped in wood containers; now fiberboard has made big inroads, has perhaps half of market. Improvements with use of plastic and wax impregnation help increase demand.

Container costs also become factor in competing for export markets and in meeting competition from imports. And rising costs aside, increase in air freight intensifies demand for lighter-weight shipping containers.

TRANSPORTATION

Government management of civil aviation is being called inadequate to cope with increasing demand.

FAA, under successive Administrations, plans and replans for future, with Congress holding purse strings.

Criticism is based on lack of long-range continuity of planning, management and funding commitment. Some in industry even mutter privately about new public corporation to manage airways, financed by user charges. Idea sounds much like recom-

mendations for postal system. Crucial need is additional runway and air traffic control capacity.

FAA recently produced five-year facilities program long awaited by industry.

Airlines welcomed effort but say it falls short of need, according to Air Transport Association.

Basic problem is lack of estimate as to what increase in capacity is to result from proposed changes, which ATA calls admittedly complex but necessary information.

Where Bosses Are Told Off —and Like It

What happens when business leaders and intellectuals bounce ideas off each other?



Businessmen continue the discussions as they stroll from

Kenneth Montague stepped from his company plane at a small airport in central Texas one Sunday this spring. He told his pilot to return and pick him up the following Tuesday.

"At the time, I had no idea I'd be staying the full four days," recalls the lanky president of General Crude Oil Co. of Houston. "I needed another convention, meeting, panel or what-not like I needed a hole in my head. At those things you just carry your office problems to a different place. After the first couple of days I usually hit diminishing returns."

This time, Mr. Montague was attending one of the Forums for Economic and Political Discussion—a program top executives are qualified to attend.

All Mr. Montague knew about the forums when he landed was that they were sponsored by the National Chamber Foundation and that a business friend had been to one and had recommended it highly.

"He said it would be 'mind-stretching,'" Mr. Montague remembers.



PHOTO: PHILIP GILLEY



Mr. Montague, left, minced no words in challenging the views of the Rev. Mr. Malcolm right.



PHOTO: BUEL HEDGECOCK—SLACK STAR

the Stagecoach Inn's lecture hall to their question-forming sessions.

The forum discussions are designed to be just that. Ranging over social, economic and political trends, they bring together top business and organization executives who examine these trends in order to make down-to-earth business decisions.

A funny thing happens . . .

At the airport, Mr. Montague met others headed for the forum. Towering over the group was a big daddy-type man with a full beard, double-breasted blazer, apache necktie and motorcycle boots.

"I thought, 'My God, what am I getting into?'" Mr. Montague recalls.

The bearded one turned out to be Henry Malcolm, one of the forum's "resource leaders."

On the way to the forum site, Mr. Montague determined further that Mr. Malcolm was an avant garde Protestant minister, fashionable among young rebels at Columbia University.

"We rode together in the station wagon, and I told him I thought people like him were inciting students to mili-

tancy, and he and I got into a violent argument," Mr. Montague says. "By the time we got to the Stagecoach Inn (in Salado, between Austin and Dallas), Henry had called me a paranoid and I had called him a few names myself."

"I was beginning to think the forum might turn out to be pretty interesting after all."

In the days ahead, Mr. Montague and other businessman conferees were going to get their dander up over many thoughts thrown at them by the resource leaders, whom some consider to be among America's leading intellectuals. Thoughts such as:

- America is "white racist-dominated."
- The public has primacy over the private.
- Ideas that are goals or ideals always are subversive; the power of an idea depends on how subversive it is.
- Rights are derived from duties.
- Businessmen usually are effective in dealing with realities, but when they talk about government their sense of reality leaves them.

"We at the Chamber don't necessarily agree with all that these men say—and we're sure that you won't always agree with them, or even with each other," Carl Madden, chief economist for the Chamber of Commerce of the U. S., told Mr. Montague and other business leaders at the forum's opening session.

Understanding oneself

He explained that the forum is "an effort to broaden the understanding of ourselves," based on noted Nineteenth Century educator Mark Hopkins' theory that education is most effective when it is a personal experience.

The forums have been conducted—at the rate of four a year—since 1967 at various spots around the country that offer quiet, meditative surroundings. The Stagecoach Inn, built in 1847, was once a favorite resting spot for cowboys driving herds up the Old Chisholm Trail. But it is well off today's beaten paths.

The National Chamber Foundation, which sponsors the forums, was set up by the Chamber of Commerce of the

Where Bosses Are Told Off —and Like It *continued*



U. S., but it is a separate organization.

Conferees at any one forum are limited to 50. Admission is based on the applicant's business experience, current position in management and educational background. Evidence of high achievement and eagerness to grow in leadership abilities weighs heavily in selection of conferees. The \$400 tuition covers lecture panels, problem study sessions, program evaluation, manuscripts and reference materials.

Every conferee is encouraged to express his thoughts. But first, each resource leader presents his views on a major issue in human affairs. No questions or comments are allowed during the presentation.

Resource leaders at Salado were blunt: "There are no cost-free solutions; somebody has to pay for progress," said Dr. Robert J. Lampman, a University of Wisconsin economics professor.

"Businessmen go into government hearings without the least idea of what they're talking about or whom they're talking to," declared Dan H. Fenn Jr., president of The Center for Business-Government Relations in Washington. "They don't just mismanage government relations, they don't manage them at all."

The "father-leader image" has been replaced by a leaderless system, a "teamwork society" in which nobody

in particular is blamed for anything that goes wrong, claimed Mr. Malcolm.

"The fact of change is not new, but the rate of change is," contended Dr. Witold Krassowski, a University of Santa Clara sociology professor. "The trouble is that the future is not what it used to be."

"I would refuse to teach if the 'fuzz' came on campus," said Dr. Anthony A. Nemetz, professor of philosophy at the University of Georgia. "Today's unrest is calling our attention to the belief that the price of order may be too high if it is based on the power to coerce."

"We have in our hands the tools which make poverty in the world inexcusable," said Dr. Harrison Brown, a California Institute of Technology professor of geochemistry. "I have a feeling we are using our problems at home as an excuse for not looking at the problems overseas."

The resource leaders and their topics vary with each forum to keep pace with what Arch N. Booth, president of the National Chamber Foundation, calls "today's living problems."

And on into the night

After each talk, conferees break into 10-man groups in which they discuss what the speaker has said and write out questions to ask him.

The questions are fired at the resource

leader when the entire group meets in a "forum in the round." This is a free-swinging affair and exchanges between resource leaders and businessmen often are heated. The discussions hardly end there, however. They continue spontaneously during meals and coffee breaks and into the night.

"I think the procedure is good," Mr. Montague comments. "These resource leaders are eloquent, articulate people. Their business is talking. They make an impression on you when they present their case. But when you sit in a group and pick to pieces what a leader said, you can easily see how much of it is solid thinking and how much is just speaking skill."

After his first full day of the forum, Mr. Montague was so enthused that



Both businessmen and resource leaders are given ample chance to express their views at the Forums for Economic and Political Discussion. And lots of listening time, too.



Oil Co., Eastern Division: "This forum . . . provided personal exposure to individuals well qualified to identify the emerging forces affecting the American political, industrial and academic communities. An awareness of these forces is essential to long-range planning and difficult to derive from one's daily business environment."

• Herbert C. Blunck, senior vice president for corporate affairs, Hilton Hotels Corp.: "A beneficial feature was catching the significance of . . . government in business, as well as business in government."

• William C. Conner, president, Alcon Laboratories, Inc.: "Responsible corporate performance can be encouraged when top management can face truths or insights which are adverse and even effrontery to its beliefs."

• W. A. Roberts, senior vice president, Phillips Petroleum Co.: "In addition to the very worthwhile experience of hearing such experts, the experience of visiting at leisure with other businessmen of entirely different backgrounds and disciplines was of particular value."

• E. Cabell Brand, president, Stuart McGuire Co.: "Businessmen must know what is going on and what can be done by working together to create and maintain a healthy business climate for the future."

• Richard P. Riegert, president, Sloan

Instruments Corp.: ". . . The imperative need for dedicated business leadership struck me as an inescapable social responsibility."

• C. Richard Petticrew, senior vice president, the College Life Insurance Co. of America: "Enslavement to one direction of thinking and analysis leads people into comfortable ruts. The forum's greatest contribution was to shock the conferees into doing some new thinking. . . ."

• Robert T. Campion, senior vice president, Lear Siegler, Inc.: "A forum gives a person views from a mountain top; the perspectives are disconcerting. The resource leaders project their ideas effectively, the topic arrangement is dramatic in impact and the chin-to-chin arguments are therapeutic. My eyes now see our society in a completely different light." **END**

he phoned his pilot and told him not to pick him up Tuesday, but to wait until Thursday afternoon, when the entire forum was to end.

"Most businessmen I talked to were not greatly influenced by the ideas and concepts presented," Mr. Montague reflects, "but we all agreed our minds were stimulated. It was a change of pace in my day-to-day business life which I feel is going to make me a better businessman, a better citizen and a better man."

As a forum alumnus, Mr. Montague is entitled to attend future forums.

Some others who have been through one or more National Chamber Foundation forums also are enthusiastic about them:

• Willis J. Price, president, Chevron

For more information on the Forums for Economic and Political Discussion, and for application forms, write to the National Chamber Foundation, 1615 H St. N.W., Washington, D.C. 20006.

What's Really



Happening to the Cost of Living?

There's too much at stake to continue relying on error-ridden methods of weighing inflation

In the heat of inflation, the U.S. Labor Department this spring tried to cast some light on living costs. It published a special study of the supposed outlays of families at three different income levels.

In its breakdown of various costs, an allowance was listed for alcoholic beverages and for cigars and pipe tobacco. But the cost of cigarettes was eliminated, the report declared, "in view of the findings of the U. S. Public Health Service concerning the effects of cigaret smoking on health."

So whatever the accuracy of the figures otherwise, they were off by perhaps hundreds of dollars depending on whether and how many members of a family smoked cigarettes. The totals were not actually what people spent, but what some officials thought should be spent.

This disturbing statistical reasoning comes at a time when government figures on inflation and costs are having the most far-reaching economic and political impact in recent times.

The sharp rise in another federal government statistic—planned capital investment for 1969—has caused tidal waves in Washington's sea of economic policy-making.

Concerned over a potential new boom in plant and equipment expenditures, the Federal Reserve Board has boosted the discount rate to the highest point in 40 years, to discourage business borrowing.

Moreover, President Nixon has called for an end to the 7 per cent investment tax credit, which has spurred modernization of U. S. industry for six years and has helped keep American goods at least somewhere near competitive in world markets. And Congress appears eager to kill it. Result: annual losses of more than \$3 billion for American industry.

The most publicized and heavily relied upon statistic that Washington

produces today is the Consumer Price Index, put out by the Labor Department's Bureau of Labor Statistics. Often, and erroneously, termed the cost of living index, it almost universally is accepted as the thermometer of inflation.

Actually, though, it is so plagued with faults and so subject to misinterpretation that moves are being made to concoct a new index—a more refined and accurate gauge for determining inflation.

All fingers point at the index

The Consumer Price Index guides top federal officials as they make momentous fiscal and monetary determinations. It sways thinking in financial centers around the globe. It influences the spending plans of millions of Americans. It is used for automatically adjusting the wages of scores of thousands of workers in industry and commerce who have cost of living clauses in their contracts. It is used in adjusting royalties, pensions, welfare benefits, long-term leases and even alimony payments.

It may be leading people astray on decision after decision.

The Consumer Price Index measures changes in prices only of goods and services bought by urban wage earners and clerical workers. It does not include buying by business proprietors, professional people, farmers or miners.

In gauging changes in prices, it implies changes in cost of living. But it doesn't tell how much families actually spend to live. It doesn't measure either belt-tightening or heavier spending to try to beat further advances of inflation.

Although the CPI covers prices of food, clothing, household supplies, drugs, doctors' fees, transportation fares, sales taxes, and numerous other costs, it does not include income taxes. So the 10 per cent surtax, for example, is not counted as a cost.

Individual indexes for 23 metropolitan areas measure how much prices have changed in a particular city from time to time. But these city indexes don't show whether prices or living costs are higher or lower in one city than in another.

The patterns are time-worn

The price index is revised now and then to take into account changes in spending patterns. But this hasn't been done since 1964, when figures were based on buying practices in 1960-61. Since then a raft of new products and services have been introduced and improved. Permanent press clothes, for example, and convenience packaging of many foods.

About 400 items are in the mythical market basket the Bureau of Labor Statistics uses to measure prices. Since food is a big item in the cost of living of lower income Americans, food prices are collected monthly. However, prices for other goods and services are sampled monthly only in five urban areas and elsewhere only every three months. The Bureau uses mail questionnaires to get some data and must rely on what people say they spent in many instances.

Often changes in prices are accompanied by changes in quality, which the index does not account for immediately.

There are definite limitations on the application of the index to very low- and very high-income citizens, elderly couples, single persons and others whose buying habits are far different from the average of those surveyed, not to mention the millions of Americans who are not city wage earners.

The Consumer Price Index is not seasonally adjusted. So month-to-month changes may not really be as significant as newspaper headlines seem to make them. Also, many of the prices have changed between the time they are collected and the time they are

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What's Really Happening to the Cost of Living? *continued*

released to the public. Inflation may now be on the wane, but if it is we won't know it for months. At least the government's most popular inflation gauge won't tell us.

Inflated rate of inflation

For a number of reasons the Consumer Price Index probably indicates more inflation than really exists. Not only is the quality of most products better now than in past years, but they are more care-and-repair-free. So people get more for their money.

In fact, price experts say quality improvement in recent years may account for as much as 1 per cent to 1.5 per cent a year difference in the Consumer Price Index.

Food, which composes a large portion of the CPI market basket, actually has taken a declining percentage of most consumers' expenditures as their incomes have risen.

The CPI measures the current rate of mortgage interest as if applied to the total of all housing costs even though only a small fraction of all home owners are paying the latest high interest rates.

All this is not to imply that those who compile the Consumer Price Index are trying to deceive the public. Their index mechanism is subject to errors as is any government statistic. (Item: The Commerce Department's

report on retail sales recently announced that retail sales rose to a record in February instead of declining as it had previously concluded from prior data.)

This also is not to indicate America has not had inflation aplenty. The Nixon Administration has pushed a policy of fiscal and monetary restraint which is supposed to bring the current rate from about 5 per cent down to something closer to 3 per cent by the end of 1969.

These figures, of course, are Consumer Price Index figures because this is how nearly everyone expresses the pace of inflation.

But it may be measured a different and more reliable way in the future.

New official seeks new method

The new Commissioner of Labor Statistics, Geoffrey H. Moore, tells NATION'S BUSINESS he wants to devise a new yardstick, though he doesn't want to abandon the Consumer Price Index, which he feels is the best single inflation gauge we now have.

There are many other gauges, too, Dr. Moore points out. The Wholesale Price Index, for instance, indicates price movements more rapidly than does the consumer index. And labor costs per unit of output, in the minds of many economists, are a better

Labor Statistics Commissioner Geoffrey Moore wants a new inflation yardstick.



measurement of inflation today. (Such costs have been rising at a rate of 4.5 per cent for the past three years.)

Dr. Moore believes figures showing profits per dollar of sales in manufacturing, as collected by the Federal Trade Commission, are an indicator of inflation. So are corporate profits per dollar of income, compiled by the Commerce Department.

He also is convinced that the ratio of price to unit of labor costs in manufacturing, a little known statistic gathered by the Commerce Department, is an inflation indicator. So is the implicit price deflator of the gross national product. This statistic takes the price changes out of the GNP (the total value of goods and services produced). GNP usually is expressed in current dollars, and the amount of inflation can be seen when it is deflated by being stated in constant dollars.

Private expectations of manufacturers, wholesalers and retailers signal inflationary trends, Dr. Moore notes. Privately collected statistics show such expectations and picture the gap between what was expected and actual prices. "We very much need to know what is anticipated in the way of prices as well as what prices were," Dr. Moore tells *NATION'S BUSINESS*.

The U. S. also should be getting better price information on products sold abroad to see how competitive we are with foreigners, Dr. Moore adds. The National Bureau of Economic Research—for which he formerly was research director—has made studies of this, he says, and "we will try to implement these."

For the Wholesale Price Index, he says, "We should get more information on transaction (actual selling) price rather than list price. This we can do too." Dr. Moore does not favor setting up such mirages as the living cost totals which deliberately excluded cigaret costs.

As to inflationary trends, he says, "We ought to produce a monthly report that would include a combination of prices, profits, costs and expectations." And this is what he plans to compile to supplement the Consumer Price Index. **END**

Q. HOW DO YOU TELL A LAWMAKER?

When Congress or your state legislature considers a bill that will have a profound effect on your business, what do you do?

Do you write to your elected representatives? Call them? Or visit them personally? When you communicate with them, what do you say? How do you tell them what they must know to represent your interests adequately?

A. Trade and professional associations help you answer these questions. They keep an eye on pending legislation for you. They analyze, interpret and research bills to predict exactly how you will be affected. They keep you informed and help you make your personal views known to your lawmakers.

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How do you tell a lawmaker? One of the ways is working closely with your trade and professional association.

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through trade and professional associations

"What Do You Want to Be Some Day?" "Howard Hughes!"

Who are the businessmen whose footsteps students would like to follow?

Howard Hughes was the top choice for a group at the University of Michigan because of his "free-wheeling individualism," his "command of a huge empire" and "the air of mystery and rebelliousness which surrounds his

life." Others whose shoes students would like to fill: Robert McNamara, Lynn Townsend, J. Paul Getty, George Romney and James Ling.

Cited, too, were H. L. Hunt, Henry Ford II, Thomas J. Watson Jr., Dr. Edwin Land, R. A. Kroc, Aristotle Onassis, Arnold Palmer, Betty Furness and Beatle Paul McCartney.

The preferences were given in a poll by Prof. David L. Lewis of students taking an "entrepreneur in history" course.

"The poll's findings," the professor observed, "indicate that the students have highly diverse career interests and objectives."

"Some of the persons whose careers they wish to emulate strike me as worthy, others less so. In any event, the reasoning behind all of the selections is sound—at least for someone under 30."

One student, in picking Mr. Hughes as the executive he would most like to emulate, commented: "He is the antithesis of the myth that businessmen are undynamic, stodgy and boring."

Mr. McNamara, former Ford Motor Co. president, ex-Secretary of Defense, and current head of the International Bank for Reconstruction and Development, was cited as a man who has combined opportunities to work at the highest levels of business and government.

Mr. Townsend was admired because he rose to the presidency of Chrysler Corp. while in his early 40's and "led the team which did such a great rebuilding job on one of our great companies."

Oilman Getty clearly was selected because of his great wealth. "I'm

young and easily impressed by the glamor of untold riches," said one student.

Mr. Romney, former head of American Motors, former governor of Michigan and now Secretary of Housing and Urban Development, received plaudits for "his strong will and determined optimism" and successful management of the auto company.

Mr. Ling, head of Ling-Temco-Vought, appealed to students because of "the excitement which surrounds his life" and his "success in building a diversified, multimarket company."

Oilman Hunt was cited because "he is a self-made billionaire, and doesn't give a damn for other people's opinions."

Students said they would like to be like Henry Ford II because "he has great power and uses his power in behalf of society's, as well as his firm's, well-being;" Mr. Watson because of his contribution to International Business Machines' spectacular growth; Dr. Land for inventing the Polaroid Land Camera and Mr. Kroc for founding and guiding the expansion of McDonald's, the franchised hamburger chain.

Mr. Onassis' success was cited by admirers. Ditto, Miss Furness and Mr. McCartney, neither of whom, of course, have been business figures in the ordinary sense.

As for Mr. Palmer, who is identified with a number of companies as a result of his golfing career, a student commented: "Name a better way to become a millionaire than by playing golf the world over and then selling the goods and services of one's trade."

END

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By Carl H. Madden
Chief Economist
Chamber of Commerce
of the United States



this month's guest economist

HOW MUCH DOES MONEY COUNT?

No one has to tell the American businessman that money counts. But what is money's role in managing the nation's economy?

U. S. economic policy under President Nixon probably will be influenced much more than in the Johnson and Kennedy Administrations by changes in the money supply.

The view gaining wider favor, if not the ascendancy, is that changes in the supply of money are major, though not the only, factors determining total national spending. Therefore, the money supply, instead of being turned on and off like a faucet, should be managed so as to avoid drastic short-term fluctuations in its rate of growth. Less blind faith should be placed in fiscal policy as the key to stabilizing the economy.

Current emphasis on the money supply is associated with Milton Friedman and the University of Chicago school of academic economists. It is marked by Friedman's monumental study (1963) with Anna Schwartz called "A Monetary History of the United States: 1867-1960." (Also, Clark Warburton of the Federal Deposit Insurance Corp. deserves mention, because a decade and a half earlier, he was arguing for recognition of the importance of money in influencing the economy.) Paul W. McCracken, chairman of the Council of Economic Advisers, has said his thinking is "Friedmanesque."

Years ago, monetary theory taught what is now called "the crude quantity theory of money" tautology, $MV=PQ$. This theory declares that the nation's money supply (M) when multiplied by velocity of circulation (V) equals the quantity of goods produced (Q) multiplied by its average price level (P). Which leads to an assertion that is not very surprising; namely, that the total of money spent (MV) equals the money value of things bought (PQ).

Some earlier "crude quantity theorists" argued government could do little or nothing to affect either V or Q, so increases in the money supply (rises in M) could only result in price inflations (rises in P). The revolution of the 1930's brought about by the late British economist, John Maynard Keynes, pushed this view, and along with it monetary theory, into the back closet. Since the Federal Reserve did not prevent or cure the Depression, theorists concluded money was not very important in the economic scheme of things.

What counted most, according to Keynesians, was total national spending for output (PQ), seen as the sum of spending by consumers, business, and government—and seen in relation to employment levels. And government, they held, could affect Q. Government should actively step in to make up any shortage of spending by consumers or business; indeed, it should run budget deficits, if needed to bring the economy up to full employment.

Conversely, when total spending exceeds productive potential and spills over into inflation, it was held, government should run a surplus by taxing more, spending less, or both, and so cut down on total spending. In this view, the primary importance is placed on fiscal policy—government taxing and spending decisions, considered in their aggregative effects.

Monetary policy, it is argued, should merely "tag along" and accommodate to the needs of the economy as it travels on the general course set by fiscal policy.

Today's quantity theorists have added the weapon of modern statistics to the debate.

For example, Friedman and Schwartz plotted changes in the stock of money against changes in the index of industrial production. These

plots showed that between 1867 and 1960, downturns in production had been preceded by declines in the rate of money supply growth, with an average lead time of about six months. Also, Friedman and Schwartz showed that a steady increase in money supply was correlated closely with economic growth.

Of late, events have cast doubt on the views of today's fiscal policy economists. They predicted an immediate slowdown after passage of the 1968 surtax package, because of "fiscal overkill." But the widely publicized slowdown of 1968 failed to materialize as monetary growth continued. The slowdown began only this spring as money growth was curbed.

In building new monetary systems after World War II, the main European countries and Japan put their central banks "in the driver's seat," expanding the money supply as production increased.

Economic policy thinking will change if confidence in the importance of money grows. More reliance will be placed on monetary policy and less on fiscal policy. More reliance will be placed on markets to allocate both real and financial assets, and there should be less faith in selective controls on, say, consumer or housing credit.

The economic policy-makers will continue to focus on total spending and steady economic growth without inflation, but stop-go fiscal and monetary policies such as led to the 1966 "credit crunch" will be harder to justify even as "mistakes." Less credence will be placed in proposals for Presidential discretion over tax rates as a device of "fine tuning." This means that as of now, money rates will continue to go up and borrowing will be harder.

Whether economic policy should aim at a "target" growth rate of 3 or 4 or 5 per cent in the money supply is less clear. Changes in the money stock account for only about half of the variation in output growth, too limited a part to justify a fixed rule as the best policy guide. Yet, a noose is now being cast to narrow the discretion of policy-makers in the Federal Reserve, however gently. Setting a range for policy of 2 to 6 per cent growth for the money stock (hardly a stringent range in fact) was tried last September by Sen. William Proxmire, then chairman of the Joint Economic Committee, in an exchange of letters with canny William McChesney Martin, chairman of the Federal Reserve Board.

Though Mr. Martin dodged, the Fed heard the hoofbeats.



It's time someone told the N.L.R.B. times have changed.

Sweat shops are dead. They died over thirty years ago.

Why then does the National Labor Relations Board feel it has to interpret almost every labor law as though we were still living in labor's dark ages?

What we need is a change. A complete re-vamping of our labor laws. Not the least of which is removing the N. L. R. B. from unfair labor practice cases.

The National Chamber, using the best legal minds in the labor relations field, has come up with a package of proposals for Congress to consider.

In presenting these proposals we seek no ad-

vantage for anyone. The sole intent is to restore a workable balance among management, unions and employees.

The changes sought concern: (a) Employee Rights, (b) Employer Rights and (c) Procedural Subjects.

No one item is designed to benefit any one group or interest.

In the end, we believe that the chief benefactor of these new reforms will be the public itself.

If you'd like more information on our proposals for National Labor Law Reform and how you can help, write us.

It's time we brought things up to date.

Chamber of Commerce of the United States
Washington, D.C. 20006

SDS agents in plants are urged to meet often with other volunteers, compare notes, plan for next year.



DRAWING BY MARTIN FRIEDMAN

How SDS Will Stir Up Workers

Fresh from inspiring chaos on the campus, young agitators are moving in on business this summer. Here, in detail, is what they've been told to do

With the cry that "closing our schools is not enough," Students for a Democratic Society—SDS—is shifting this summer from the campuses it engulfed in violence to a new target: American business and industry.

A "Work-In Organizers Manual" being distributed by the SDS spells out in detail how members hope to infiltrate manufacturing, utilities, transportation, retail and other business operations with the specific assignment of agitating and propagandizing workers to thwart the war effort and whip up a "class struggle."

NATION'S BUSINESS, to show the extent of SDS planning, this month publishes the full text of the official "Work-In Organizers Manual." It ranges from orders for lies and evasions in applying for a job to advice about keeping in touch with apparently sympathetic workers—and thus continuing agitation by remote control—after the infiltrators have returned to school.

Though it nowhere calls directly for violence or seizing or damaging property, what happened on campuses after SDS agitated among students is a matter of record.

The manual is particularly ominous in the light of its origin. The SDS lifted its work-in marching orders practically word-for-word from directives of the Progressive Labor Party, issued last year for disruption of defense industries.

The PLP, which follows the Red China line, thinks the Soviet and U. S. Communist Parties are too soft on capitalism and has pledged all-out support to North Viet Nam and the Viet Cong "against our common enemy, the U. S. ruling class."

While the SDS moves ahead with its plans, another radical crowd—the W. E. B. DuBois Clubs—is moving in the same direction with emphasis on younger workers.

The central headquarters of the

clubs, which the Justice Department has listed as a communist front, is asking for contributions to finance publications that "can serve as important organizing tools and as a step towards winning working youth to Marxism." A sample topic: "Socialism, the Working Class as Key to Black Liberation."

This is the SDS directive for the summer infiltration:

I. How to research the job situation in your area:

In every large city and in all states, a directory of manufacturers is published which lists all the manufacturing plants in the large metropolitan areas and in the state, city by city. It usually reports the number of workers employed in each plant and sometimes gives the breakdown of male and female workers. These directories are usually found in the main (large) city libraries.

These books usually cover only manufacturing. For transportation (railroad, maritime, longshore, airline, teamster) possibly the simplest method is to consult the yellow pages of the phone directory, although there may be additional directories in the library. Consult the librarian about that. This is also true for utilities, etc.

In addition, some people will already know of large plants in their area in



"Don't dress like a slob," is the command given SDS volunteers sent out to hunt work.

How SDS Will Stir Up Workers *continued*

which they or friends have worked in the past, which might be helpful since knowledge of hiring practices might be gained thereby.

II. What jobs to look for:

Job-seekers should try to get hired in plants or transport depots that have several hundred (let's say a 400 minimum) workers. Reasons for this include: a) If we want to reach workers with literature, the potential audience is greater.

b) The larger the company facility, the better chance that it will be in a basic union, that the workers will have some sense of organization (even if they think the union is a sellout one), and that therefore there will be a tie-in to workers nationally. In larger plants, such as GM, GE, United Airlines, Pennsy RR, etc., there is greater tendency for workers to regard themselves as workers, with less illusions about becoming some kind of a "boss." In small shops, where bosses and workers are closer together, more illusions exist about "moving up."

c) In large plants in national unions there is a greater chance that the workers will become part of (and have a history of) mass strike movements, rebellions against sellout leaderships,

conflict with the government due to "national interest" injections, etc., which might create the basis for greater mutual exchange about questions relating to opposition to the government's policies.

d) The larger the company the likelier the existence of masses of unskilled jobs (assembly lines, platforms, etc.) creating a better basis for hiring, especially as replacements for workers taking vacations. Of course, if summer is slack in a particular industry, this situation wouldn't necessarily hold (i.e., auto, where production on the old model fades into a summer lay-off-changeover before hiring starts around August to September for the new model).

Within the larger plant situation, it might be desirable for students seeking jobs in the area or city in which their school is located to pick a place which would have follow-up possibilities in the fall through contacts established within the plant, in line with an on-going worker-student alliance activity.

In general, people should seek unskilled jobs (probably couldn't get a skilled one anyway) and, if given the choice, a job where one would contact larger numbers of workers.

If you are white, select a plant where the majority are white. (If possible. In some places, for instance, N.Y.C., this is difficult, although not impossible.) While black workers might be thought of as more politically conscious, what we as white students are trying to do is reach white workers on the questions of the war and racism, to name but two areas (in addition to the day-to-day grievances, trade union questions, etc.).

If black, a student would of necessity have to (and should) get a job where there are large numbers of black workers. Women should give special consideration to jobs where many women are employed. These include, in addition to basic industries (like electric), department stores, telephone companies, hospitals, and even some large offices which are unionized, etc.

In cases where people cannot travel to (or don't want to get jobs in) auto industries, large wholesale and retail outfits within the city proper could be as advantageous—large mail-order houses (Sears-Roebuck, Montgomery Ward department stores, preferably those with unions); possibly as non-professional workers in hospitals (although here in many large cities there are large majorities of black workers, a factor for white students to consider). Other such places could include the telephone company, gas and light company, mass utilities (if privately owned; government owned usually requires a civil service test and waiting period).

[The Progressive Labor Party directive referred in this paragraph's first sentence to "basic industries" rather than "auto industries" and, in the second sentence, to "mass transit" rather than to "mass utilities." The SDS, in pirating the PLP document, changed the wording—apparently by mistake and without intending to change the targets of the work-ins.]

III. How to get a job:

Some places hire students specifically for the summer as replacements for workers on vacations (although usually bosses try to get away with not filling in, unless the union contract has specific stipulations and they are enforced). Others won't hire you if they know you are a student

WHAT YOU SHOULD KNOW

Jobs that SDSers will want:

- ✓ Unskilled work, generally, in places with large payrolls, located near SDSers' schools.
- ✓ White SDSers will seek jobs where whites are in the majority, blacks where most workers are black.
- ✓ Female SDSers will apply where mainly women are working (electrical industry, department stores, phone company).

How SDSers will get jobs:

- ✓ Will avoid sloppy or hippie attire.
- ✓ Will pose as high school graduate employed last one to four years, doing manual work, not afraid of "real work."

- ✓ Will try to use simple language, hide college background.

- ✓ Will seek to mislead on draft status.

How SDSers will act at work:

- ✓ Though specific purpose is to propagandize, won't sound off at first; will learn job, goofing off only when others do.
- ✓ Without endangering job, will soon try to inform workers of student status. In chats with workers, will admit their views may be correct. Will not be know-it-alls.
- ✓ Will avoid knockdown, drag-out fights with supporters of the war, use care in addressing workers with sons in Viet Nam.



Making friends who will be permanent contacts for a "student-worker alliance" is a prime goal.

or if they think you're only working for the summer. In MOST cases it would probably be best NOT to mention that you are a student (unless you have advance knowledge that they are specifically hiring students for the summer—which might be found out by someone being sent there first who's NOT looking for a job, saying he's a student and seeing if they are hiring).

If, then, it is the case of not being able to state you're a student seeking summer work, you have to come in as a job-seeker who has worked since graduating high school (you should say you are a high school graduate), which means you have to have a place or person who will say you worked there for the past 1-4 years. Each area should develop "background" like this for their group.

In indicating the kind of work performed, try to slant it to what you presume the work is in the particular plant or depot (assembly, maintenance, shipping loading platform, etc.), and in most every case indicate that whatever you did on your "previous job" involved some kind of manual, heavy work. You're not afraid to work, is the idea to get across.

If getting to the place requires a car (or if that is easier even though you use public transportation) say you have one or a friend who works around there drives near there every day. Some places won't hire you if

they think that you are a potential late-comer.

Draft status may be a problem. Job applicants with a 1-Y or even 4-F often find difficulty in getting work. Also, a 2-S classification immediately identifies you as a student. Persons with a 3-A deferment (supporting a parent or child) have an easier time. If you're a 1-A, (and possibly someone's tested the draft situation at the place beforehand) you might be able to say you're 1-A and get hired, but here again you may have to "use your wits." If you've been in and had an honorable discharge, tell it the way it is. If you've had something other than an honorable discharge, avoid mentioning it; you've been "working since high school."

In cases where you can't mention college and use a "background," make sure you state you were "laid off" from your last job because it was "slow" or the company's "contracting" or maybe even "going out of business."

Whatever salary you decide on (usually around \$85 a week—that is, not too much lower than what you expect to make, and not too much higher) make sure your "former boss" knows what it is. For example, if you're going for a teamster platform job that pays \$110 or \$120 a week, say you make about \$100, not \$75. On the other hand, if you're getting a job in a hospital or a department store for \$65 a week, say

you made that figure in your old job, not \$120. Anyway, since most large places will check or may (unless you're specifically being hired as a temporary worker who's going back to college in the fall), make sure your "former boss" has the story straight.

Some places give aptitude tests. Don't show off. If you're taking the test with other job-seekers, try to see how far (number of questions) they're getting and adjust accordingly. If you do too well, they'll either be suspicious or want to use you in the "front office." Of course, it may be hard to judge, not wanting to do below what's required, but again, the first job-seeker's experience will be helpful here. A group should gather ALL information from each successive job-seeker so that the next ones will be better prepared.

If you have any physical defects which can't be detected from a normal physical examination, don't mention them. Companies won't hire people with previous injuries or defects which might be re-injured, creating the basis for suits against them; they are very wary on this score. If it's a defect that's not noticeable, either play it down or figure a way to cover it up. If you can't you may have to go somewhere else where it's not so important. If you wear glasses, some jobs are out (i.e. railroad brakeman, which usually requires 20/20 vision without glasses). However, most jobs only require 20/20 or even less with glasses.

You should be at your first place looking at around 8:30 or 9 a.m. It's hard to get a job if you start at 2 p.m. You generally should not wear a suit and tie or fancy dress, but DON'T dress like a slob. Slacks and sport shirt, with or without a sport jacket, depending on the weather, and skirt or summer dress with low heels (or at least not six-inch spikes) for women.

If places require a "noncommunist" or "nonsubversive" signature, sign it. You're not breaking any law. If it's engaged in government work, and you would be breaking a law, it will be so stated on the application. Discuss this beforehand with your group.

Be straightforward in any inter-

How SDS Will Stir Up Workers *continued*

view; you're getting the job because you "need the money." Don't use \$20 words. Don't put on a tough guy act. Just plain, simple language and attitude. Usually the less said, the better. Don't volunteer information. Just answer what is asked.

IV. What to expect on the job:

Don't start sounding off the first day on the job; or even the first week. Do your work, learn your job. Don't goof off on someone else's back, but if all the workers are goofing off, or taking a break, go ahead (unless it might cost you—as a new worker—your job, which the older workers understand). Remember, we're here for a short-term operation. While you can't expect to win over workers in three months, you don't have to wait as long as you might, if it were a permanent job, to "open up" on political questions. **LEARN FROM THE WORKERS.** About the work, the job, the history of the plant, company, union, their attitudes on every question. Listen. You might find out who the finks are.

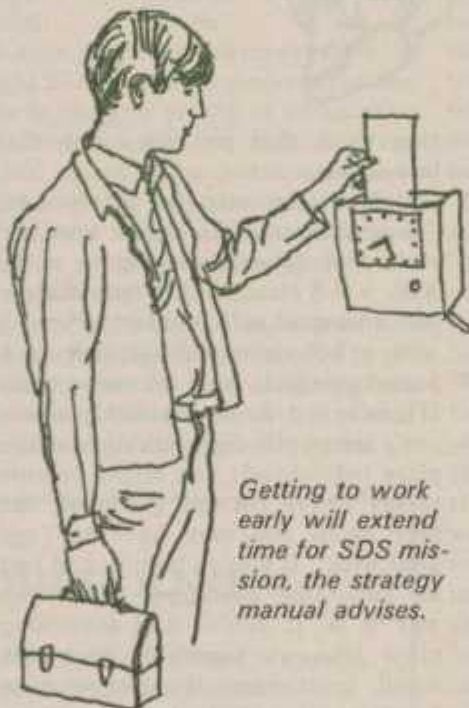
Participate in the bull sessions, the lunch discussions, talking on the job where it's normal, but take it slow the first three or four weeks, (if the job were to be permanent, this process might take six months or longer) listening and sounding out workers.

Don't be shocked by the racist remarks of the white workers, by confused political impressions, by prowar talk, by "keeping-up-with-the-Joneses" chit-chat. If the workers understood racism, the war, the capitalist class, middle class morality, etc., we'd be on the way "home" already.

Do let them know you're a student fairly soon, within the first two or three weeks, as long as the foreman won't find out (or someone else who might use it to get you fired). But this isn't foolproof. You've got to play it by ear. But if you don't say you're a student, they'll know it and you won't be able to do an honest, straightforward job. Remember, although workers may think students are snobbish (and many are), they also respect education and want their kids to go to college. (That's why they're working so hard, among other reasons.)

Your job is to bring across the identity of interests of students and workers—the fact that without workers, there would be no universities, that the working class is the class with power, that workers really create the value of society, that without them basic changes in the system can't happen, etc.

But you're there with a purpose—to bring out the relationship of the Viet Nam and the other imperialist wars to their immediate demands, to the fact that they and their sons die in the war, that it is a war for the rich—the CLASS perspective. And also, among white workers, the use of racism against their other



Getting to work early will extend time for SDS mission, the strategy manual advises.

interests. Black workers aren't "threatening" their jobs. The boss is. He controls both. As long as workers are divided—by race, union, sex, craft, nationality—it's easier for the boss to sit on them.

This is no easy task. It normally takes a lifetime, so don't expect to do it in two or three months! But at least you are able to question, to point out relationships they might not have thought of or might be afraid to express out loud. Try talking to workers individually, especially those who seem more receptive. Don't start by using a lunchroom or platform for a "soapbox oration." Literature could be given out individually or stuck up in the bathroom at the

beginning. Discuss in your group when to start giving it out en masse (often by students not working at that plant, at the gates).

Try to make a few friends among the workers that might last beyond the summer. Two or three—or even one. And try to get their addresses and phone numbers before you leave the job. Otherwise it might be difficult to ever contact them again. Join the bowling league or the baseball team. Avoid running home at the end of the day to the "safe" company of your old friends and political buddies. Concentrate on making new friends.

Go to the bar or whatever hangout they go to after work. Don't try to overdo yourself here. If you can't hold your liquor, don't make a fool of yourself trying to be what you think is "one of the boys." Get to work early—sit around and talk. This is well worth the extra effort.

Don't talk to workers like you know everything and they know nothing. First of all it's not true (probably the reverse). Secondly, even if you do know more about a particular subject (i.e. the facts about the Geneva Agreement, the U.S. support of the Diem dictatorship) that doesn't mean that by making a speech you'll get the facts across. Be patient.

Make it an exchange of EXPERIENCE, NOT A ONE-WAY AFFAIR. You'll make plenty of mistakes. Discuss them in your group. Don't give up the first time you do something wrong. After all, these workers were rookies too once, but they HAD to survive because they had to eat.

It would be a good idea to record your experiences by day or week. A few notes in the evening about relevant events during the day will be invaluable for other people participating in the WORK-IN this summer, for those in next summer's program and for people to whom we publicize our work. You'd be surprised how much important information you forget; don't trust to your chances of remembering anecdotes.

Come in to work on time!!! That's the thing that may keep you in the job above all else. Lateness is the first cause of being fired in the trial period. Don't start in with broadsides against the union leadership, even if workers initiate the sellout talk.

Listen, ask questions, ask if anything was ever done to overcome it, suggest types of fights around grievances, immediate things, if you can figure some out. But don't feel compelled (in your three-month sojourn) to give leadership on any and all questions.

One important result of your job may just be an appreciation of what workers are up against in the fight against the boss, the government, and a sellout leadership. And knowledge of what the in-plant grievances are will help if there is to be follow-up along lines of worker-student alliance activity when you get back to school. You will be able to relate leaflets, etc., to the actual problems inside the gates.

Lastly, remember when you start talking about the war (and about how students are seriously opposed to the war for good reasons, not simply engaged in "beatnik pranks") many workers who feel the same way

keep silent while those who support the war are many times the most outspoken.

Don't get into knockdown, drag-out arguments with the latter, but rather talk individually first to the ones you're making friends with. Don't get into the habit of making it appear that it's you against the workers. Know the facts about the war, not just the polemics. Facts make a deep impression on workers.

If you get involved in discussions with workers whose sons are in Viet Nam and want to "support them by going all-out," BE CAREFUL. That's an emotional area in which it may be very hard to convince such a father that your line on supporting his son is correct. Start by understanding his position of having been brainwashed all these years and seeing his son in daily danger of "being killed by the other side."

In learning how to put forth an intelligent approach in such situa-

tions, you will really be learning how to talk to people who are not simply on your side or sympathetic.

After being there about a month, try to pick out a few workers who might be more advanced than the rest, concentrating more on individual discussion, with the hope of keeping them as friends or contacts after you leave the place. Talk about the possibilities of the students offering the workers assistance in any struggles coming up in the future, on picket lines, demonstrations, even doing research for them.

Don't necessarily start asking about union meetings. Many times they are suspended in the summer. If not, most workers don't attend and you're not going to build up active caucus movement in that direction in three months (most of which is spent on trial period and during which you may not even be in the union). If, of course, there's something special going on and lots of workers appear headed toward a union meeting, you can go with them, but more to listen and learn than to orate.

Not everything can be put down here about what you'll face. Keep in constant contact with your group and discuss all problems with them. If possible, try to have at least two students (possibly more) get jobs in the same plant so they can compare notes, exchange experiences, criticize each other's mistakes, and (probably most important) make it possible to get a broader view of the place than that which comes from working in just one department.

However, if you do team up, don't hang around together. It will be a constant temptation to talk to, eat and travel with the one person in your work site who will be easier to communicate with. This is not to say that you should ignore each other's existence on the job, just that your primary aim will be to work and communicate with the permanent workers in the plant. **END**

WHAT YOU CAN DO

What should an employer do if he thinks his plant or office is a target of the SDS campaign?

The FBI advises:

- Personnel officers and supervisors should be thoroughly familiar with the methods prescribed by the SDS work-in manual for applying for jobs and how to operate if hired. Company officials with authority to hire and fire then will be in position to "exercise their own good judgment" on whether applicants or new employees are potential troublemakers.
- Company officials should bear in mind that SDS operatives who manage to get jobs could be flirting with possible violations of two federal laws. Employers should notify one of the FBI's regional offices if they suspect either law is being violated.

One deals with sabotage: "Whoever, with intent to injure, interfere with or obstruct the national defense of the United States, willfully injures, destroys,

contaminates or infects, or attempts to so injure, destroy, contaminate or infect any national defense material, national defense premises or national defense utilities, shall be fined not more than \$10,000 or imprisoned not more than 10 years or both." A conspiracy to violate this law carries the same penalties.

The second federal statute that could be involved in the SDS plan is the new antiriot law making it a federal crime for three or more persons to conspire to bring about a civil disorder. It's also a federal offense to injure or intimidate, during any such disorder, "any person engaged in a business affecting interstate commerce."

Companies also might find it a good idea to post copies of the SDS manual, printed in full in this month's *NATION'S BUSINESS*, so that regular workers can see the extent to which the SDS thinks it can manipulate them.

REPRINTS of "How SDS Will Stir Up Workers" may be obtained from *NATION'S BUSINESS*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

SOUND OFF TO THE EDITOR

Should We Recognize Communist China?

Should the United Nations admit Communist China to membership? Should the United States bow to pressure and extend diplomatic recognition to the Red dictatorship?

For two decades, the United States has been unyielding in its opposition to admission of Red China to the United Nations, despite demands from some here at home and from many foreign nations that the United States can no longer officially ignore this communist country of 750 million inhabitants.

The United States takes the position, of course, that Communist China came into being illegally and as an aggressor when it swept the Nationalist Chinese off the vast Asian main-

land. Red China's subsequent actions hardly improved its image when it opposed UN forces in Korea and allied itself with North Viet Nam.

Though the U. S. recognizes as the only Chinese government that of Chiang Kai-shek on Taiwan, many of this country's allies have recognized Red China. Others trade with it, though they have no diplomatic relations with it.

Voices are raised periodically in Congress urging the United States to adopt what many claim would be a more realistic position, so that regular official communication, not to mention travel and trade, can be established between two major nations. The latest to add his support to this move

is Sen. Edward M. Kennedy (D. - Mass.), notwithstanding the fact that his brother, President John F. Kennedy, vigorously opposed recognition of Red China.

Among the arguments in opposition is the oft-stated United States view that the free nations of Asia and the Pacific would lose confidence in our firm policy of fighting the spread of communism in that part of the world.

The United States has made previous offers to consider an exchange of journalists, scientists and scholars with Red China.

As an American, what do you think? Should Red China be admitted to the United Nations? Should the U. S. recognize the Peking regime?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should the U. S. and UN recognize Red China?

☐ Yes ☐ No

Comments:.....
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Name and title.....

Company.....

SOUND OFF RESPONSE:

Tapping a Vein of Controversy

One sure way to get an American's ginger up is to ask him what he thinks about wiretapping and "bugging."

NATION'S BUSINESS did just that last month in its "Sound Off To the Editor" feature, and it has been flooded with responses. They have ranged all the way from the "under no circumstances" should there be wiretapping answer sent by Robert Phillips, sales director for the Variable Annuity Life Insurance Co., of Detroit, to the one sent by Dale Wichman, president of his own Ford agency in Iola, Kans., who said: "Anybody opposed to wiretapping is probably engaged in some type of unethical business or personal activity. Any person against wiretapping by authorized agencies should be suspect."

Though strong opinions were held by most respondents, scores of answers explained that the writer either approved or disapproved under certain conditions.

The count was heavily in favor of wiretapping.

Carl E. Woodward, assistant to the president of Anaconda American Brass Co., Waterbury, Conn., wrote: "Wiretapping should be legalized on the same basis that, for years, has made it possible to enter private property and conduct a search. In other words, on court order. It is certainly no more an invasion of privacy than the legal search warrant. Those who oppose it are in the same boat as those who oppose patrolling highways in unmarked police cars. They want to know when they are being watched so they can behave."

J. W. LaFollette, president of Union Supply Co., Denver, wrote that wiretapping "should be used and made legal in all cases where there is even a

suspicion of illegal activities down to the misdemeanor class."

"In cases of crime investigation by authorized law officers, this seems like a worthwhile tool," said R. J. Flynn, owner of a supermarket in Pocahontas, Iowa.

Considerable trust was shown in America's law enforcement officers by G. E. Hamilton of Cooper-Challen Realty Co., San Jose, Calif. Mr. Hamilton wrote that he "absolutely" approves of wiretapping—"with confidence that our law enforcement officials in the substantial majority will judiciously exercise this method of detection and evidence collection to apprehend and convict the guilty and not the innocent."

Arthur W. Brown, vice president, Stetson Glove Co., St. Louis, wrote that he "certainly" does approve of wiretapping. "It is about time we gave our police the tools to capture and convict the criminal instead of giving the criminal all the advantages," he explained.

A surprising number of clergymen responded, with a majority favoring use of wiretaps and "bugs." R. W. Ricker, a Methodist minister in Nashville, Tenn., explained his affirmative vote by saying wiretapping "gives a balance of power to law and order for the good of the citizen and the country."

No regional pattern emerged. People in the West seem to be just as much in favor of wiretapping as people in the East, South or North. Nor did a pattern emerge in big city responses which was different from small city responses.

Here's a quick sample of affirmative opinions from big cities across the country:

Edward W. Smith, account executive, The Thompson-Koch Co., New York: "Law enforcement should be allowed to use every tool at its command in its investigations."

Ross McCollum, president, National Oil Co., Los Angeles: "If you have nothing to cover up, why not?"

Jack M. Lane, systems manager, Reitman Industries, Newark, N. J.: "I feel that wiretapping is definitely necessary to meaningful crime detection. It must be used to whatever extent the situation warrants. To limit wiretapping would result in a valuable tool being removed from our law enforcement agencies."

John W. Carrothers, agent, Massachusetts Mutual Life Insurance Co., San Francisco: "We are the victims of predators. We should protect ourselves with every means we can use. Wiretapping and surveillance of the mails should be practically unlimited. Evidence thus gathered should be used only in criminal trials, including espionage cases. An important corollary—persons who reveal improperly, or misuse, such information should be severely punished."

Harry H. Verkler, president of his own construction company in South Bend, Ind., wrote: "I'm for it 100 per cent. Any way to help enforce law and obstruct lawlessness is very necessary in our government."

Glenn Sievers, controller for Stevens Construction Corp., Milwaukee, wrote: "To me this seems like an effective crime tool. How can wiretapping affect anyone if he has nothing to hide?"

J. R. Chapman, senior vice president, Stone and Webster Engineering Corp., Boston, said: "Wiretapping is essential to combat organized crime. However, safeguards must be established

Sound Off Response: Tapping a Vein of Controversy *continued*

to prevent use of information obtained by wiretapping for political, religious or any other purpose than the prevention of criminal actions."

Don G. Garner, personnel director, Hackney Corp., Birmingham, Ala., wrote: "Yes, primarily because a ban on wiretapping gives the lawbreaker immunity and protection in an area that encompasses such a tremendous area of communication. Smart criminals can transact all of their business verbally, and avoid conviction."

The other side

One of the most detailed votes against wiretapping came from Arthur P. Bedrosian, sales office manager for the Davis-Edwards Pharmacal Corp., of Queens, N. Y. Mr. Bedrosian said: "Although we cannot deny its usefulness in fighting crime and espionage, it nevertheless results in unnecessary invasions of privacy by overzealous government agents. Since we adhere to the premise that we are innocent until proven guilty, the use of wiretapping is presuming our guilt without due process. The interest of the majority must always be protected."

Another considered opinion opposing wiretapping came from James Shearer of the sales department of Bostitch, a division of Textron Co., in East Greenwich, R. I.: "I believe that approved wiretapping would strip us as U. S. citizens of one of our last and most important rights; that is, the right to freedom of speech and private conversation. Perhaps, on a federal level, and then only in isolated cases such as subversive activities, can we justify wiretapping."

Alonzo Clay, an attorney of Pontiac, Ill., wrote: "I believe in the right to have my conversations private without police or other interference. On the other hand I believe that the other party has every right to record my conversation with him without my knowledge. I also believe the police should have a right to wiretap my conversations if they first obtain a warrant from a magistrate after proper showing."

W. E. Lyons, owner of Automation-Sales Engineering Co., of Schenectady, N. Y., has strong feelings on the subject. He wrote: "No, without exceptions. The United States is rapidly becoming a police state. The thought

of 'Big Brother' watching a person's every move is loathsome to me. These are Nazi tactics."

Dolores Hoyle of the DD JB Ranch at Buellton, Calif., said wiretapping should be abolished by the Supreme Court and made punishable by law. She said further that her telephone party line was "bad enough without worrying about wiretapping." She suggested that Americans should have a chance to vote for or against wiretapping.

John G. Voeller Jr., general manager for Owens-Illinois' forest products division, North Kansas City, Mo., wrote: "We have almost given away all of our privacy. Government agencies are securing information as secretive and confidential, and other agencies are subpoenaing this information at a later date for uses other than that for which it was originally taken."

Only if . . .

Charles Lee Britton, director of central services, Hudgins, Thompson Ball and Associates of Tulsa, Okla., favors wiretapping after court orders are issued. These orders would be similar in intent and purpose to search warrants.

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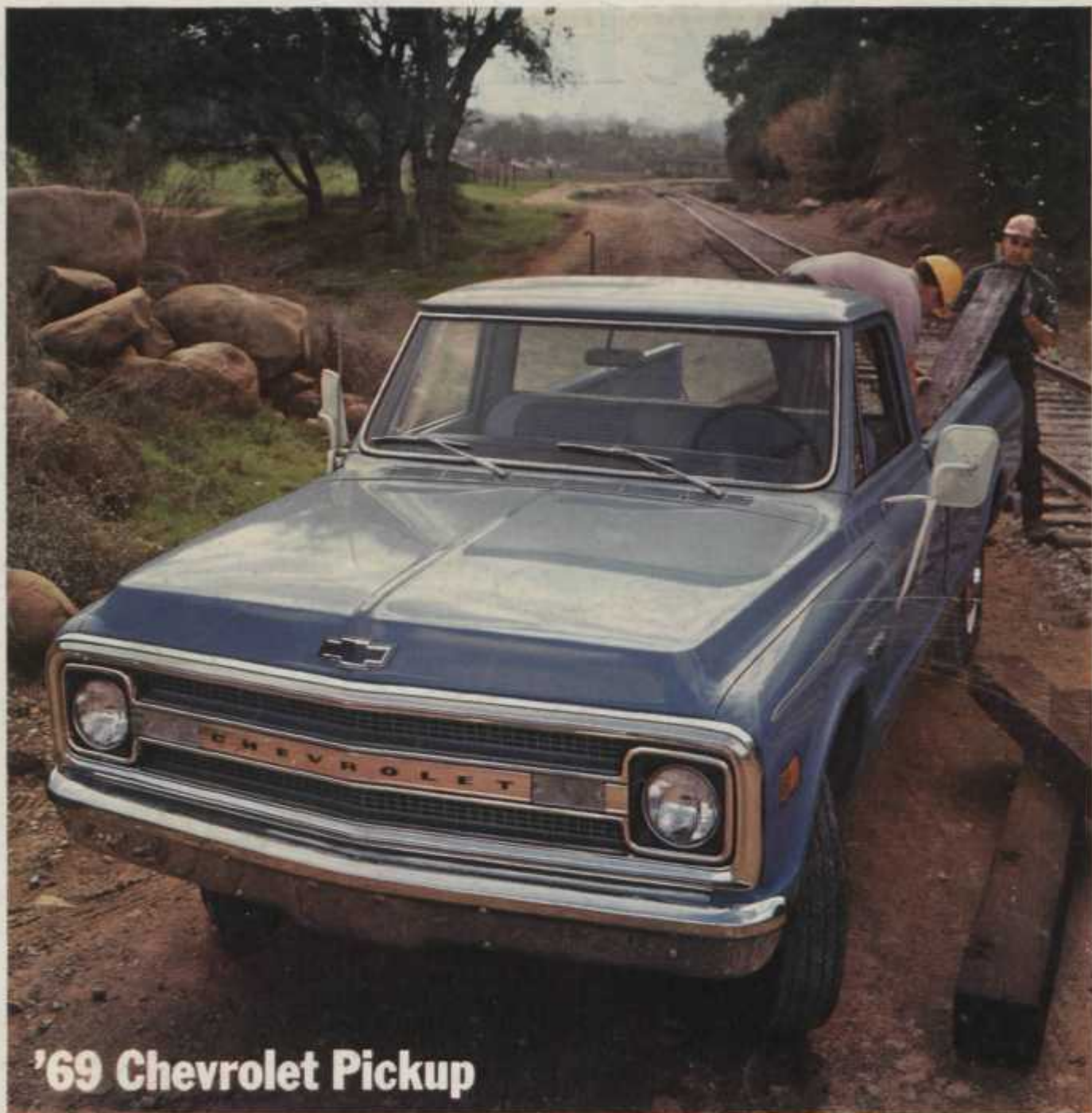
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